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HOW TO BEAT COMMUNISM
by Anthony Ashley

IRELAND BATTLES FOR ECONOMIC LIBERTY
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FROM THE TOWER
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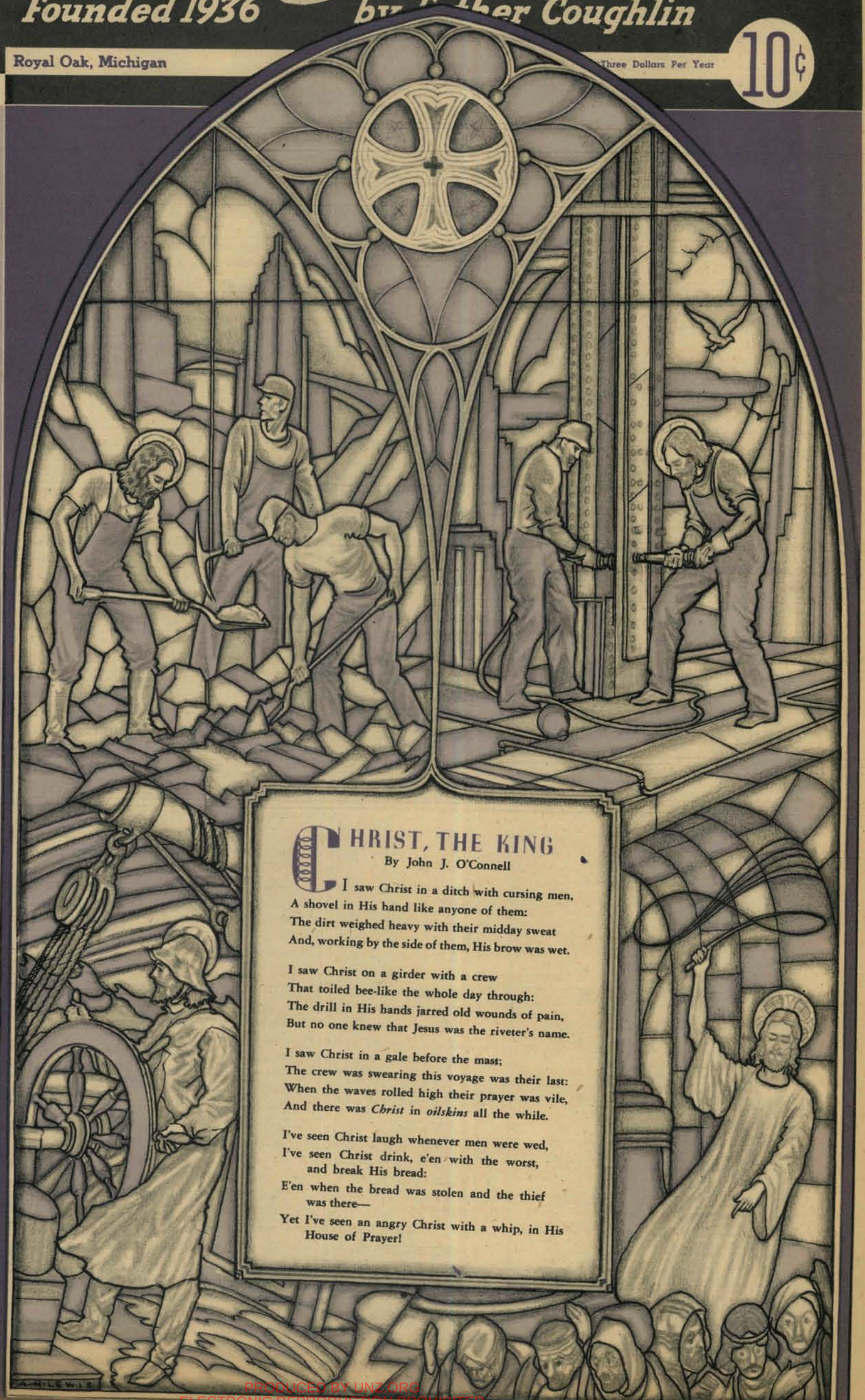
THE PARENT AND THE SOCIAL ORDER
Rev. W. J. Randall, C.M.S.

VOL. 2A NO. 18



CHRIST, THE KING

By John J. O'Connell

I saw Christ in a ditch with cursing men,
A shovel in His hand like anyone of them:
The dirt weighed heavy with their midday sweat
And, working by the side of them, His brow was wet.

I saw Christ on a girder with a crew
That toiled bee-like the whole day through:
The drill in His hands jarred old wounds of pain,
But no one knew that Jesus was the riveter's name.

I saw Christ in a gale before the mast;
The crew was swearing this voyage was their last:
When the waves rolled high their prayer was vile,
And there was *Christ* in *oilskins* all the while.

I've seen Christ laugh whenever men were wed,
I've seen Christ drink, e'en with the worst, and break His bread:
E'en when the bread was stolen and the thief was there—
Yet I've seen an angry Christ with a whip, in His House of Prayer!

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Social Justice

OCTOBER 31, 1938

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"Christ the King"

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Vol. 2A — No. 18

Father Coughlin Replies . . .

Too Late for Study Clubs!

In reply to a pastor who recently asked: 'I would like to ask your advice about efficient means of doing something constructive in the cause of Social Justice within parish organizations during this coming year . . . Do you suggest study clubs on the Encyclicals or open forums?' Father Coughlin wrote:

"While study clubs are admirable I am of the opinion that our people have passed beyond the point of being satisfied with a mere study club. I am convinced that we are ripe for action clubs.

"I find that the mere assembling of people to listen to a speaker discuss the position of the Encyclical becomes very boring. Study clubs rise and fall like the winds of a hurricane. They are of no value unless they are associated with action, because the principle of "faith without good works is dead" applies also in this case.

"It is possible, therefore, to establish locally a co-operative society for the purchase of coal, groceries, oil and gas.

"It is possible to establish a savings society along the lines of a mutual benefit loan society.

"These two organizations would do much, under good management, to assist your people in saving considerable money and at the same time in helping each other in small loans required for funerals, births, hospitalization, improvements on homes, etc.

"In my mind, under your leadership and with the aid of some judicious and progressive parishioners, this small good could be practiced effectively within the precincts of your parish to such a degree that it would attract many other persons to the Church."

SOCIAL JUSTICE Reader Leans to Communism

SOCIAL JUSTICE is in receipt of the following interesting communication, and will be very glad to have other readers' views upon the points presented by its writer.

"My dear Father Coughlin:

"Yesterday, we received the latest number of Social Justice and, once more, was disappointed with contents.

"Why is it necessary to harp so incessantly on conditions in Spain? While the happenings there are deplorable and many cruelties are being practiced, these are not, by any means, confined to either side and, if there is any credence to be placed in history, the Spanish race have always practiced cruelty, nor has religion ever been a bar to this practice. We have plenty of cruelties at home without going overseas.

"Again, I am surprised that Social Justice should advocate a return to the Guilds. The Guilds functioned in the dim past when practically all manufacturing was done by hand labor and in small independent shops; these were later supplanted by the Trades Unions (or Craft Unions) until, still later, the Crafts were supplanted by semi-automatic machinery, tended by men (or women) whose only necessary training was in the operation of that particular machine.

"Now we cannot go backward, economically, any more than you or I could go back to a 6-year-old by putting on a Little Lord Fauntleroy suit; all we would accomplish would be to make ourselves ridiculous. You may turn back the hands of the clock, but time can never be turned back.

"According to the best figures available, there were 2½ millions unemployed in 1929, when the high point of production was reached. Last year, we practically reached the same high point of production and, according to the Biggers survey, there were 11 million unemployed, while the Brookings Institute places the figures at 13 million.

"This has been accomplished by the use of semi-automatic machinery and we are now entering into the era of full-automatic machinery, with the resultant lessening of man-hours and speeding of production while, as you full well know, our present system can only be operative in an economy of scarcity and; practically everything you buy is made, not as good as it can be made, but to last just so long, when it must be replaced, otherwise there would be more idleness and smaller payrolls.

"At our present rate of progress and by simple mathematics, the next time we reach the 1929 peak of production, we will have between 30 and 40 millions unemployed and we will not maintain that peak for long for who will there be to consume this production?

"Our problem is a technological one and the answer is not acts of Congress, making changes in the monetary system or in prayers and hope technically and by those who understand the problem in its entirety.

"In Social Justice I have seen severe criticisms of the President for 'name calling' but I am surprised to find that Social Justice has not only fallen into the same error but gone him many times better. It seems to be the opinion of Social Justice that any person who disagrees is a 'Communist' and, if you are correct in this, you are soon going to have some mighty good men in the Communist ranks. However it just happens that I, and others, know that many men who have been branded as Communists are no more favorable to Communism than you or I and, I assure you, that is about the last thing I could find desirable.

"The above criticism is not wholly my own, but I find many thinking people with whom I have talked, and many of these members of your faith, hold the same opinions regarding Social Justice.

"As I have been a consistent listener to your broadcasts, ever since you have been on the air, and a subscriber to Social Justice since the first number, also having defended you verbally on numerous occasions, I feel I am entitled to an airing of my views so, I will say frankly, I much fear that if I continue to read Social Justice I may find myself *leaning towards Communism.*

"Yours very truly,
"H. C. Sanderson."

Pittsburgh, Pa.

The columns of Social Justice will, we hope, always be available as an open forum for expression from such consistent readers as Mr. Sanderson. Frankly, the only way that Social Justice can tell a Communist nowadays is BY HIS IDEAS. Such subversive views are held, as Mr. Sanderson suggests, by "some mighty good men." As to the facts about Spain, Social Justice is simply trying to supply the need for an honest job of reporting that has been sadly neglected. Against the current propaganda in the commercial press, therefore, our lone efforts may understandly appear as "bias." As to the Guild System and the brilliant contribution of Catholic tradition, Social Justice has been glad to open its pages to eminent writers of recognized authority in the Church, who picture the Corporative State as an attainable ideal to achieve Christian social justice between classes.

In the matter of technological unemployment, we have several times published reports which show conditions of employment to be best precisely in those industries which have been most highly mechanized. Again, this is not our "view" so much as it is a news report of fact finding.

If after listening to Father Coughlin's broadcasts for 13 years, and reading every copy of Social Justice since its publication began, Mr. Sanderson feels himself impelled toward Communism the responsibility is Mr. Sanderson's. Social Justice refuses to accept it.

—The Editor.

The Truth Breaks Out on Radio November 6th

A revised list of the radio stations over which Father Coughlin's Sunday afternoon broadcasts will come to the nation appears on the editorial page of today's SOCIAL JUSTICE.

In addition to the address, Father Coughlin's very popular "Thought for the Week" and a musical program including the mammoth organ at the Shrine of the Little Flower and a nationally famous chorus of fourteen voices will be heard.

A convenient coupon on which listeners may pledge their support to the broadcast fund appears on page 19.

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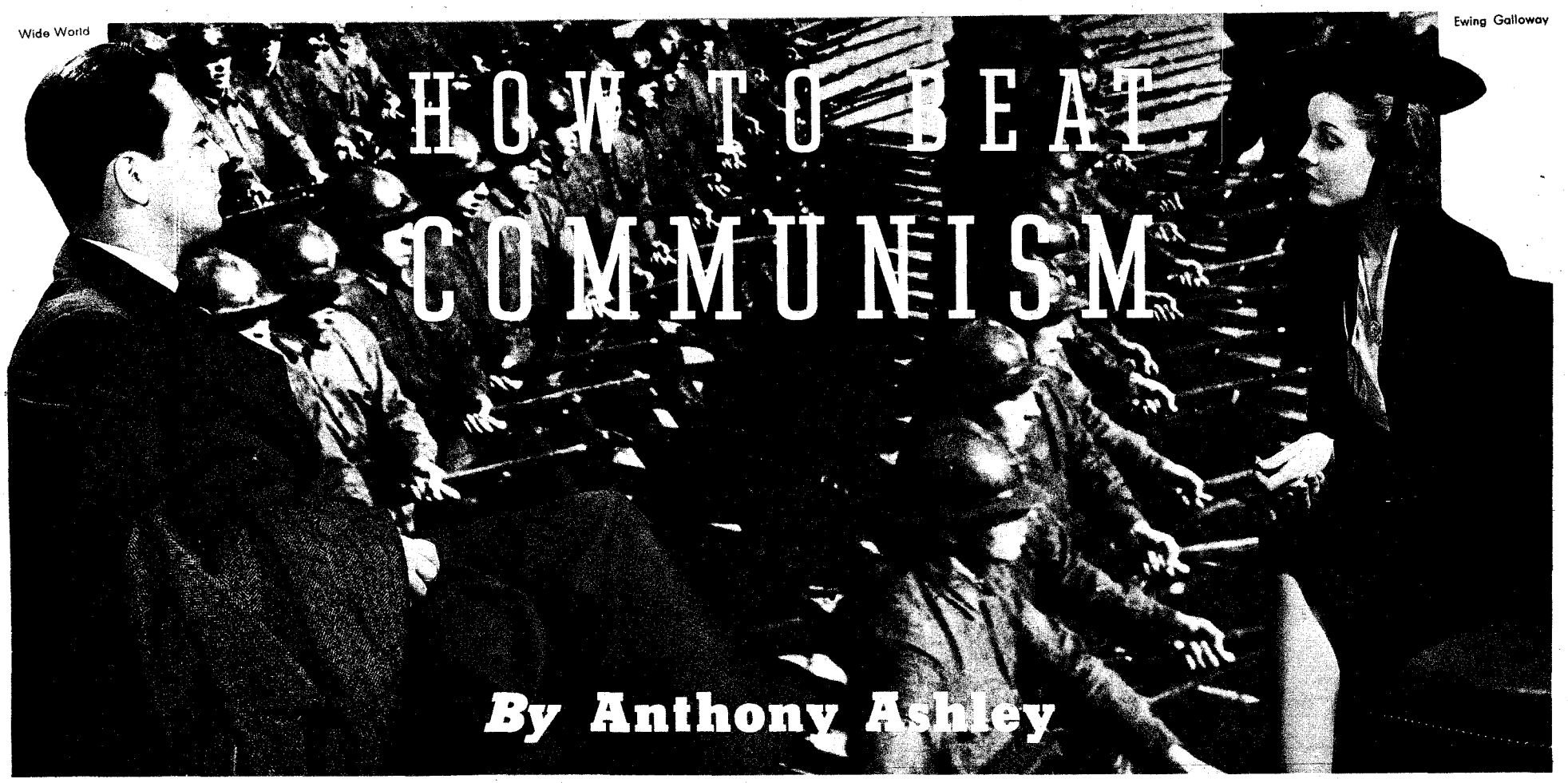
Wide World



Ewing Galloway

HOW TO BEAT COMMUNISM

By Anthony Ashley

COMMUNISM can make progress — in America, or any other land—only upon the principle of the "class struggle;" that is, an *oppressed class* fighting against an *exploiting "capitalist" class.*

Interpose a great MIDDLE CLASS of contented, home-owning, patriotic, Christian Americans—the hated *"bourgeoisie,"* as the "Bolshies" call them —and you can stop the threat of Communism for another generation!

Communism's hope, therefore, for an effective inroad of its philosophy in America is to reduce our more or less contented Middle Class—of which the great body of Americans is composed—to the level of an oppressed *"proletariat,"* without hope, without the long view that education gives to a man's mind, without the higher values that religion gives to a man's spirit.

These things the working Communist hates even worse than he does a Capitalist. A healthy-minded American Middle Class which, in spite of the loss of its jobs, its homes, its bank accounts—in spite of the dole and a politically-manipulated work relief system—still refuses to adopt the mind and attitude of an illiterate pagan *"proletariat"* is at once the despair of the Communist and the hope of America.

WILLIAM F. Russell, writing in the *Nation's Business* for October, gives a rule of guidance for Americans who seriously want to do their part to keep Communism out of the country. With the publishers' permission, and recommending the full article for the interested reader's information, we quote some excerpts from Mr. Russell.

Lecturing in Vladivostok in August, 1918, the author "met his first Bolshevik." He recounts the experience:

"After the lecture, a man stopped me at the door.

" 'Good evening,' he said, 'my name is Wax. I did a year of graduate work in the United States. Until last month I was the Bolshevik Commissar here in Vladivostok.'

"You can imagine my surprise. I said, 'Come on home with me. What is Bolshevism?' "

Mr. Wax gave him a good sales talk.

"Men," he said warming to his subject, "are divided into two classes —those who own and those who earn, capitalists and workers. There is an inevitable war between the two. There can be no compromise, no truce, no armistice, no peace. It will be a battle to the death! Men are fools to love the Fatherland, the *'Patrie.'* The workers of one country *should be better friends with the workers of other lands than with the capitalists of their own, who are their only enemy."*

"Workers of the World Unite!" reads the Communist Manifesto. "You have nothing to lose but your chains!"

Wax continued: "Part of the trouble is in the churches. Men go to church, and what do they learn—to be humble, patient, forgiving, to look to the future life. All this is grand for the capitalist. So *down with religion, shut the churches, banish the priests!"*

This done, the Communists think, the decks will be cleared so that they can build a new world. They have tried it in Russia and Spain.

"How are you going to defeat capital?" Mr. Russell asked.

"Very simply," was the reply, "We will use the idea of the Soviet. First we organize all the workers into unions—unions of carpenters, masons, plumbers, railroadmen—everybody in fact except the capitalists. Then each local sends its delegate to a larger council, and councils to the highest council. There is no reason for congress, legislatures or elections. Everything can be accomplished by the unions.

"Lenin has organized a system by which the few can rule for the many. This is what we call 'Dictatorship of the Proletariat.' The Proletariat chooses its dictators; *after that it is dictated to!"*

"But what about the rich, the capitalists? Where do they come in?"

"Oh," answered Mr. Wax, "that is the cleverness of the idea. They have no unions, and if they formed them, we wouldn't recognize them!"

THE Communist leaders have steadily insisted that Communism cannot live in just one country. Every country must become Communistic, according to their idea. So they have sent out missionaries. They have supplied them well with funds. They have won converts.

"These converts have been organized into little groups, each acting as a unit under the orders of a superior," Mr. Russell explains. "It is almost a military organization. They attack where there is unemployment. They stir up discontent among those oppressed. They work their way into the unions, where they form compact blocs. They publish and distribute little papers and pamphlets . . .

"These are scurrilous sheets. In one issue I noted 29 errors of fact. After a recent address of mine they passed out a dodger attacking me, *with a deliberate error of fact in each paragraph.* The idea is to try and entice into their web those generous and public spirited teachers, preachers, social workers and reformers who know distress and want to do something about it.

"These Communists know what they are doing. They follow their orders. Particularly they would like to dominate our newspapers, our colleges and our schools. The campaign is much alike all over the world. I have seen the same articles, almost the same pamphlets, in France and England (and Spain) as in the United States.

"When it comes to fighting Communists I am a battle scarred veteran; but after 20 years *I cannot tell one by looking at him.* If only he were a tall man with bushy black whiskers, a bomb in his hand, a knife in his teeth, and a hand grenade in each pocket of his smock, I could recognize him. However, only the leaders proclaim their membership. The clever are silent, hidden, anonymous, boring from within. YOU CAN ONLY TELL A COMMUNIST BY HIS IDEAS!

IF WE are to combat Communism effectively, we must note the conditions under which Communism has come to flourish in foreign lands and then do our best to see to it that these conditions never obtain here.

A guide rule was never stated more clearly than the author does in that paragraph.

He adds:

"Now what were the conditions that gave Communism its chance in Russia? There were, I think, three. First, widespread misery, poverty and distress; second, suppression of freedom of speech and the right of meeting and assembly; third, general ignorance.

"When you have widespread poverty, when people are out of work, when houses are damp, dirty, cold and crowded, when children cry for food, there you have soil fertile for Communism. After a drudging day of despair, the family sick and cold, the doors of hope shut, you can't blame the unlucky for giving willing ear to the blandishments of the Communist propagandist, who says that Russia is a happy land.

"One way, then, to fight Communism is to go into the root of poverty and distress . . . "

There are among us a good many people who by training, taste, inclination or vocation see much of the poor the underprivileged and the sick, this writer observes. They see the effect of the slum. They know what the sweatshop does to body and soul. Their indignation rises at the practices of some of the worst of us. Then these men and women who know the seamy side of life point out these evils and struggle to find some way to improve conditions.

"Some are wise and advocate gentle and gradual improvement. Some are in a hurry and demand quick reform. You and I are likely to think that they are Communists. But whenever we do this we had better back up and think. THEY are not the Communists.

"The Communists get a lot of pleasure out of our mistake. The Communists are glad to see us attack the reformers, hamper them, persecute them. Because in a way these zealots are the worst enemies of Communism. If we could clear up the worst of the slums and help that part of the population which is in genuine distress we should have removed the most likely converts to Communism."

BUT what the Communist most fears is EDUCATION. The fallacy in Communism is not in the ultimate goals which they borrow—peace, pros-

(Continued on Page 18)

The Great Middle Class Is the Most Powerful Force in America. It Does No Need to Sink to the 'Proletariat' to Get Social Justice!

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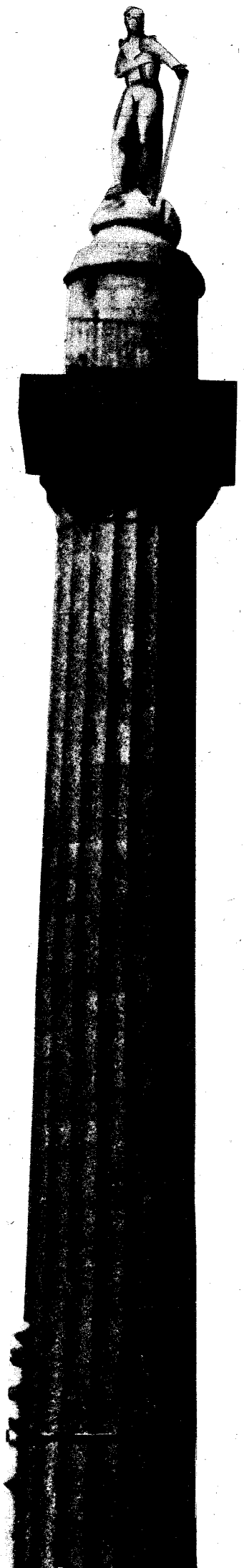

"Banner County" of Clare, in Vanguard Again, Issues a Declaration of Independence from the Usurious Financial Tyranny of City Bankers.

IRELAND BATTLES FOR ECONOMIC LIBERTY

by Peadar O'Curry

WITH the slogan, "the establishment of Social Justice is not a Utopian dream, but an economic necessity," the battle for the economic liberty of Ireland has begun in earnest.

It has been launched in Mr. Eamon de Valera's own constituency of Clare, known to all Ireland as the "Banner County" because of its consistent lead in the fight against alien oppression. Lying to the west of the Shannon, Clare was included in the area to which Cromwell banished the native Irish when he ordered them to get to "Hell or Connacht!"

Clare hit back. Its name was borne by Clare Dragoons, a regiment that swept like a flaming brand across the battlefields of Europe, after England had perjured herself by breaking the Treaty of Limerick that guaranteed religious and economic freedom to the Catholics of Ireland. Clare resisted the invader stubbornly, right up to the beginning of the last century, when it dealt a shattering blow to the English ascendancy by electing Daniel O'Connell, the Liberator, three times running to the English Parliament that would not admit a Catholic.

From Clare, too, came Michael Cusack, who with Archbishop Croke founded the Gaelic Athletic Association, which welded the young men of Ireland into an organization and prepared the way for the war against England. Previously, Clare had given to Ireland Eugene O'Curry of Carrigaholt, great archeologist and historian, who salvaged the records of Ireland's past glory for the inspiration of later generations.

In our own day, Clare has stood solidly behind Eamon de Valera, returning him again and again as deputy to the Dail, even when he was a fugitive from the forces controlled by the party that compromised with England.

STANDARD bearers in the fight against England's financial "Black and Tans," are Patrick Joseph O'Loghlen, hotel keeper of Ballyvaughan and deputy with Mr. de Valera in the Fianna Fail party, and Father Pat O'Reilly, shirt-sleeved curate of Kilmihil, a remote village in the same peninsula that lies between the River Shannon and the broad Atlantic.

Deputy O'Loghlen was appointed by Mr. de Valera four years ago as one of the twenty-six members of the commission set up to inquire into the Irish banking system and the control of currency and credit in the country. The majority of the commission recommended the preservation of the identity of the Irish pound with sterling, and in effect declared that everything in the financial garden was lovely, only for the economic policy of "that man de Valera."

It condemned the policy of compulsory acquisition of land for distribution among the landless, was in favor of easier methods of "selling up" farmers who were unable to repay bank debts; recommending less government control over conditions of labor; praised the old cattle-raising policy in preference to the government's new scheme for home-produced food; looked forward to a continuing decrease in population while advising a restriction in State assistance for housing, and generally chided the government for encroaching as providers of capital on the sacrosanct preserves of the private banks.

Among the majority signatories were Professor Guggenheim Gregory, one of the two emissaries of the Bank of England who imposed a central bank with statute parity with sterling on New Zealand in 1930, to the great advantage of English and international finance. New Zealand, however, woke up in 1935. Another signatory was M. Per Jacobssen of the Bank for International Settlements, which has family ties through German banking with Paul Warburg of Kuhn, Loeb and Company of New York, the man who was instrumental in setting up the Federal Reserve Board in the U.S.A.

Trailing after this "disinterested" pair, came a strong body of representatives of big business and the banks, orthodox university professors of economics, both from the pro-British Trinity College and the (supposedly) National University of Ireland, a scattering of politicians, de Valera's confidential brain truster, John Moynihan, and last, but by no means least in public estimation, His Lordship the Catholic Bishop of Raphoe, the Most Reverend Dr. McNeeley.

His Lordship made reservations on questions of social policy, particularly with regard to housing and land. But neither he nor any of the other native signatories objected to the proposal to maintain Irish currency and credit at the beck and call of the Bank of England and its international vassals. The Bishop's objection to the use made of the Papal encyclicals by the opponents of the majority was dealt with adequately by Professor Alfred O'Rahilly and the two labor representatives who signed the first Minority Report.

This report, however, did not offer any plan of freeing the Irish people from the domination of the City of London. Deputy Patrick Joseph O'Loghlen of Clare did. He was the lone signatory of the Third Minority Report with which went a cut and dried plan for an economic development commission to adjust the volume of currency in the country to the productive capacity of the people, which in turn could be measured by their needs.

"My colleagues," he said, referring to the majority, "have proceeded on the assumption that fixed rates of foreign exchange are in themselves desirable. For this there is no warrant whatever.

"If our aim is to facilitate a system favorable for the free movement from country to country of funds for investment and speculation; to preserve the domination of international finance over peoples and governments; and to transfer the results of their labors from those who produce wealth to *rentiers* and those who trade in money, then an international monetary system, in which currencies are linked together under a common control, is the appropriate instrument. If,

Lower O'Donnell Street, Dublin, offers a striking contrast to the village scene on the right.

Black Star

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on the other hand, the object of our economic activity is to be to *'secure for all and each those goods which the resources of nature, technical achievement, and social organization of economic affairs can give'* (Quadragesime Anno, paragraph 75), then a national money, controlled in each country to maintain the fullest use of the national resources, and particularly the available resources of labor, is the natural and appropriate instrument."

Deputy O'Loghlen also pointed out to the government that gets his vote in the Dail that Article 6 of the new Irish Constitution commands the State to direct its policy towards securing the fundamental right of an adequate means of livelihood for every citizen.

The men of Clare have a way of getting their rights which should incline Mr. de Valera to place himself boldly at their head.

FATHER Pat O'Reilly, Clare's Number Two Banner Man, is a "Catholic in action." It seems that when he and the people of Kilmihil want a thing they get it for themselves. They do not send petitions to the County Council or to the bureaucrats in Dublin's government buildings. Nor do they badger the life out of the local Dail deputy. They throw off their coats, and lift their spades and picks!

Kilmihil wanted a parochial hall as a center for its community life. It also wanted a vocational school in which the children of the village and countryside could continue their preparation for life to be lived in Ireland, not in exile. Kilmihil got both.

The new hall and school, started seven months ago, was finished this week. In the ordinary way it is a monument to the work of the parishoners, young and old, laborers and artisans, skilled and unskilled, who gathered in to give their leisure hours to the job, who were given free meals in the village homes. They will receive their reward in pleasure and profit in *Ceilidhthe* (dances), concerts and plays in the spacious hall; at classes in the rooms that open off it or in the nearby kitchens and pantries, and from the two and a half acres of playing fields, gardens and farm plots that surround it.

Often thirty men together worked at digging the foundations and raising the walls. Local farmers with horses and carts drew 800 loads of sand to the site. A contractor of the district gave free technical advice and supervision. Into the work went 3,000 free days of labor and every week-day, when he was not about his Master's more urgent business of birth and death, Father Pat O'Reilly was on the job—with his coat off.

Now the school is being rented to the County Committee of Vocational Education which will provide the furnishing and equipment at a cost of $1,500 and will pay the instructress in domestic economy, instructor of rural science, instructor in manual woodwork and a teacher of general subjects. All of which puts Kilmihil in a much stronger position than those other Irish villages that have got their schools (without halls) after they had persuaded the County Council, in nursery rhyme fashion, to get the government to borrow the money to lend them to build the school—to be paid back at usury out of the county rates and by taxation on the whole country for as long as it takes a baby reared by a pupil out of the domestic economy class to struggle through a burdened life till he qualifies for the old age pension in his propertyless dotage.

Father Pat knows what he is doing and asks some very awkward questions. He talked to the point at the opening of the school. During the past six years, he told the assembled big wigs, the people in that countryside had done $60,000 public work without reward in money. They had added that amount to the real wealth of the country, but no record of it got into the bankers' ledgers.

"And," he added, "has the currency commission ever issued as much as one 10-shilling bill to show that much increase in the national wealth? In the ordinary course of business dealings in this country, we should have borrowed $15,000 more than we have borrowed to build this hall and school. Now, I ask any member of the Banking Commission this question—have we robbed someone of heavy interest on that $15,000 and, if so, to whom are we bound to make restitution?

"It is a tragic fact that, after all our eight months of sweat and labor from dawn to dark, we would be, under our monetary system, $10,000 richer today in money if we had stopped at home at our firesides toasting our shins.

"Some unknown judge and jury has imposed that fine upon us because we had the audacity to do something for the common good and that even though we worked for nothing. And we must all work now lest the unknown court may make the fine so heavy as to drown us, unless perchance a paternal government holds out the hand of rescue and pays some meed of real tribute for honest sweat.

"Such is the working of the monetary system that the Majority Report of the Banking Commission seems now to be electrically welded onto the shoulders of the people. Is it any wonder that our boys and girls are flying from such insanity in their tens of thousands? Is it any wonder that the less progressive who remain at home have not even the heart to get married?

"My advice, my warning, to the association known as the *Muintir na Tire* ('the People of the Land') is that, unless they found a bank that will issue money on the credit of the land and homes of Ireland, they will be but a voice crying in an ever growing wilderness.

"I believe in a bank that will issue money for good work done, the sweat of honest labor, which should be more precious backing to a banknote than gold. I believe in a bank that will charge no interest, for such a bank will be the servant of the people and not their tyrant master.

"I have always felt, like Cadbury, that the saddest day in the history of mankind was the day the Church yielded, after centuries of oppression, to the payment of as much as one per cent of interest on money!

"In the name of God, let us, in this mad world, be the first to return to the historic Catholic view on the matter and lay the ax to the root. If the members of the Banking Commission were down here with us in the trenches for the last six years, working without wages, they would have more sympathy with human flesh and blood and sweat, and less consideration for the monetary tokens that are grounded on the yellow sand which is being shifted from hour to hour by some Underground Monster with a cloven hoof.

"If we had the right bank behind us for the past six years, we could have called in to work every able-bodied man in West Clare and kept him working in a dignified manner to the end of his days. I can only appeal to the young men and the young women that, when they are reciting the Litany, they will place high up in their petitions the prayer: 'From financial locusts, O Lord, deliver us!'

"The God of Mercy in answer to their prayers will send them a Liberator with the wisdom and the heroic courage to remove from the shoulders of the people the Cross of Gold—or it may be of Sterling—which is causing their sweat to run in great drops to the ground almost in vain.

"I don't know how my suggestions or remarks will be received, whether with stony silence or ridicule, or wild, blind rage, but after six years of slavery, I cannot find it in my heart to remain silent whilst the financial liberty of the poor, the oppressed and the unemployed is at stake."

"What Clare does today all Ireland does tomorrow" is an old saying in this country. And here is another, in Irish: "Beidh Eire fos ag Cait ni Dhuibhir"—("Kate Maguire will yet possess Ireland!") The hunted poet of another day used this code for his song of freedom.

Maybe the "Darling Girl from Clare" will become the secret anthem of a new brotherhood, dedicated to the fight for real liberty!

Black Star

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THE PARENT —and the— Social Order

By W. J. Randall, C.M.S.

The Problem of Unruly Children Is, Much Too Often, Only the Reflection of a Home Without Christian Charity.

A LETTER I received recently from an experienced and sympathetic governess acted as a reminder of that tremendous factor in the making of the social community—parental influence and control.

"Many people have remarked to me," she wrote, "how rude and ill-behaved the children are. They have also remarked that the children are better when I have them alone than when the parents are there!"

This is another instance of a complaint very common nowadays — the complaint that again and again we find children inconsiderate, rude, quarrelsome, and in general out-of-hand. And although it does not mention religion expressly, it raises the question of religion indirectly. For bad behavior of the sort indicated is really reducible to lack of charity—religion's essential practical element. It is thus related immediately to morality; and, as in this case the morality is concerned with the family, the matter becomes linked up with the social order; because the basic unit of the social order is the family.

This state of affairs is not restricted to one particular class; mere wealth and social status do not decide the matter. The condition is found amidst the trappings of wealth and the patches of penury. The children of the Baroness of Battledore may be as incorrigible as the children of Mrs. Miggs of Mugs Alley; or the reverse may be the case. Furthermore, as in the instance above referred to, the children are frequently rather worse than better when in the presence of their parents.

After making due allowance for the time-honored maxim that "boys will be boys" (and for that matter, that girls will be girls), we are still faced with numerous families in which the juvenile members behave like uncouth brats. Putting aside those cases where the surroundings are definitely evil, we still have a surprising number of unruly urchins. Now this, we repeat, is really a negation of the virtue of charity; for charity demands consideration for others; it "is patient, is kind," in the words of St. Paul; "it seeks not its own." And even children (after making allowance for their inevitable immaturity of thought) are concerned with charity. This fundamental truth is often obscured in discussions about parental control, or the lack of it. Yet this truth goes to the root of the matter.

IT IS not surprising that the most marvelous thing in the natural order —procreation of offspring—should be a thing of far-reaching effect upon the social order. It can scarcely be wondered at that the mysterious thing called parenthood should prove to be the dominant influence in the social affairs of men. And this being so it is inevitable that Christianity—the full and final revelation of God to man—should have something very definite to say about parents and children; and that the Church—the guardian of that revelation—should say it without fear or favor. And in saying it the Church knows that she is saying something which concerns not only individuals but also the social community which exists for the common good. Hence the Church proclaims definite principles about parents and children and families: principles which, if appreciated and put into practice, secure right order in the family and radiate right order through society.

It is our business at the moment to consider briefly those principles and their application—with a view to appreciating their effect upon society. For although the question is distinct from that of social justice as such, nevertheless it touches social justice; because the principles involved predispose individuals towards just dealings between themselves. It is also to be noted that the same principles involve the exercise of charity — using that word in the theological sense of the Christian virtue, not merely in the legal sense of dispensing aid to the indigent. Without charity, human justice becomes cold and hard, and may very easily become heartless. And conversely, the virtue of charity (taken in the full sense) includes the practice of justice—Pope Pius XI has made that point eminently clear. "Charity," writes the Pope, *"will never be true charity unless it takes justice into constant account."* From which it follows that "all the commandments, including those which are of strict justice . . . may be reduced to the single precept of true charity" — the precept, namely, that thou shalt love thy neighbor as thyself. (*Divini Redemptoris*, Part IV.)

Let us endeavor to see, then, what exactly is involved in a home which is really and truly Christian. We may then take a glance at the contrast, and draw our conclusions.

There is a short but comprehensive phrase used by the Holy Father in his encyclical on "Christian Marriage" (*Casti Connubii*, 31st Dec., 1930) which sums up the proper attitude of parents and thus gives the Christian tone to the home. He speaks of the father of a family being "truly a father, and the mother truly a mother." This is a synthetic statement; and implies in fact all the duties of parents: "truly a father — truly a mother." Not, therefore, merely procreators of offspring; but procreators of "cherished offspring" (as the Pope adds); that through "devout love and unwearying care, the home—though it suffer the want and hardship of this valley of tears, may become for the children, in its own way, a foretaste of that paradise of delight in which the Creator placed the first men of the human race." Not, then, merely mechanical guardians, supplying mere physical needs in a more or less disinterested fashion; but guardians with a deep and active interest in their charges; with a realization that children do not live by bread alone; with a determination that those children, as Fr. Joyce, S.J., has aptly put it in his *Christian Marriage*, "should enter into the inheritance of their fathers, and should in their turn do something for the progress of the race. This involves mental and moral training as well as physical nurture."

An American writer (Fr. Bernard Sause, O.S.B.) has put the same truth in other words in his *"Why Catholic Marriage is Different:"*

"The homes must breathe a constant religious atmosphere to produce good Catholics. It is not a question which arises when the boy is ready for high school or college. It is there long before he is sent to the kindergarten . . . Regardless of the school advantages offered the children, the father and mother remain the natural teachers."

WE may press home this truth in the words of the present Holy Father: "The blessing of offspring is not completed by the mere begetting of them, but something else must be added—namely the proper education of the offspring . . . it is certain that both by the law of nature and of God this right and duty of educating their offspring belongs in the first place to those who began the work of nature by giving them birth, and they are indeed forbidden to leave unfinished this work and so expose it to certain ruin."

True, the school plays an important role in the character-formation of the child and the adolescent (and though we may might easily erect a thesis against the existence of elementary schools, it is sufficient to remark at the moment that the Church has approved and in fact demanded Catholic schools where schools are demanded by the civil law). But teachers will generally agree (especially as regards day schools) that any good effect they may achieve will be half undone in a bad home atmosphere. Even the influence of the boarding school wears off after school-leaving age, in a home where the atmosphere is inimical. The home, then—the home which is made by the parents—is the dominant influence in the formation of the child.

Now it is a commonplace in teachercraft that example is of the highest importance in character training—in that "mental and moral training" which must accompany "physical nurture." But the father and the mother are the "natural teachers;" that is, the teachers placed in their position by nature itself. Hence the supreme importance of the conduct of those teachers — the parents — themselves; and this applies especially when in the sight of their children.

"The home which ought to be a sanctuary of love and a nursery of the virtues, is a scene of jealousy and bickering, where mean and unworthy things are ever before the child, and shape his character for ill." Thus writes Fr. Joyce concerning the degraded position of the mother in cases of polygamy. But it is not only in polygamy that such a scene occurs. The quarrels of parents are by no means unknown in conditions of strict monogamy; not merely those tiffs which are made up in a trice, but the constant or at least repeated disagreements which impart an air of unrest to the home. The characters of the children will reflect this as a mirror reflects light—but the light in this case is darkness.

In this, then, we get a picture of the really Christian home—and of its contrast. In the former the parents are keenly aware of their position; as procreators with the terrific responsibility (and terrific privilege) of moulding a human child. Terrific is an apt appellation for it; for it may well hold an element of terror in the sense of fear and trembling—analogous to the working out of salvation. In such a task failure is terrible to contemplate. But it is to obviate that failure that God has turned the task into a sacrament. For a sacrament *per se* succeeds, where no obstacle is placed by the recipient. The trouble is that so many recipients throw a spiritual spanner into the works of the sacramental machine.

We began with an example of rude and unruly children; and we have reduced the problem it presented to a religious problem, and the solution to a religious solution. For it really is a religious solution; and in the cases of normal persons (persons who approximate to a certain standard of body and mind) a successful solution. Within that "normal" class IS THE VAST MAJORITY; outside it there are of course exceptions; exceptions which will require special treatment. We have not been dealing with pathological cases, whether mental or otherwise; and the fact that there is a certain proportion of blind or dumb or idiotic does not alter the essential position—that real charity as taught by the Church will render a home solidly happy, even thought it be hard hit by hardship. The members of that home will be "ladies and gentlemen" in the proper and not the snobbish sense.

For it is a fact that real charity is far-reaching—into every department of life. It will prevent those selfish stupidities which work havoc even in the absence of grave sin—and often pave the way for serious sin; the insistence on one's "rights" at any cost, without the "give-and-take" spirit; the leaving children alone in the house (perhaps in bed) while the fathers and mothers go off to dances and clubs; the open quarreling before the children, with liberal portions of "bad" language; similar language addressed to the children themselves; the loss of temper when even little things go wrong (as if they could always go right!) Reverse all this, and it will be exceptional for children to fail to reflect the good behavior of their parents. And real charity, as the Christian is taught it, will reverse these things like a charm.

Then will the home really be charming. Multiply that home by millions of homes in the nation, and the social community, constituted by those homes, will be regenerated—charmed into right order by the white magic of Christian Charity.

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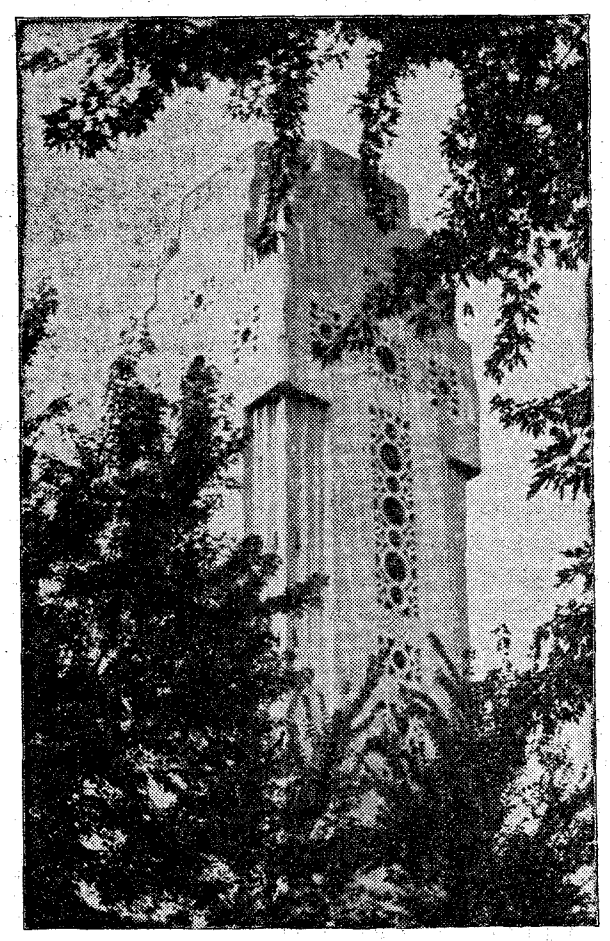
THE SCIENCE OF SOCIAL JUSTICE



FROM THE TOWER

TO CORRECT the evils of mass poverty and class concentration of wealth, and to wipe out the blight of want in the midst of plenty which has characterized the later years of capitalism, several theories through practical agencies are seeking the support of the general public.

First, the Capitalist is holding tenaciously to his philosophy. Although here and there he appears to be making concessions; although, after a sham battle, he is willing to raise the hourly price for labor, to modify his speed-up system and to recognize those unions which are content merely to barter through their officers for higher hourly pay, nevertheless, the same capitalist relentlessly maintains his right to govern money, to issue and withdraw credit from circulation and thereby to inflate the prices for rentals, foods, clothing and shelter. At the same time, he is a strong advocate of government borrowing from the privately owned central banks at interest.

Then there is the system of National Socialism which, despite its flagrant faults and attitude towards religion, has offered a temporary prosperity to its general public, at the price of liberty and democracy—a temporary prosperity which has exceeded that which obtains in the so-called democratic capitalistic nations of England, France and the United States.

Then there is so-called Fascism which, until this week, (October 14, 1938) was really Fascism but with the beginning of next week is evolving into a more or less perfect corporate state-ism, thereby submitting an answer to the question: After Mussolini what?

Then there is Marxian Communism which is purely atheistic, purely materialistic, purely dictatorial and purely sub-natural in its misconceptions of the nature of man and property.

Finally, there is the system of Christian Social Justice which has made its debut on the stage of our unsettled world as it seeks recognition.

It is not my concern herewith to discuss any of these systems. I shall content myself with discussing chiefly one phase of social justice—one negative cause which more than any other obstructs the realization of the principles of social justice. In stressing it I am not minimizing the necessity of emphasizing the positive principles of social justice. I am merely insisting upon being an excavator who realizes the importance of being a practical engineer, as it were, who is endeavoring to remove an irresistible obstacle which prevents the flow of production and of plenty into the wide open spaces of consumption and want.

The process of removing the obstacle, however, does not necessarily beget social justice.

NOW in approaching this subject, let us agree upon certain salient truths which the science of social justice upholds:

It does not deal with man as an individual but as a member of a vocational group or as of a classification of society. Preferably, it should be said that social justice deals with classifications of men, or vocational groups of men. It teaches that man was not created as an individual complete in himself. It maintains that man is a social creature depending upon the tailor, the butcher, the stone mason, the carpenter, the teacher, the priest, the farmer, the physician and every other classification of citizen for his well-being. It teaches that no classification of society can long enjoy prosperity unless every classification of society enjoys it.

It teaches that each classification of society must render to every other classification its just due.

It teaches that it is very difficult for a man to save his immortal soul when he is denied a just share in the wealth of a nation.

It teaches that the best way to acquire this just share of wealth is to establish vocational groups—not inorganic vocational groups whose individual members are welded together on some unsound principle or for some unsound objective—but organic vocational groups which are composed chiefly of individuals who are striving to acquire their eternal goal through the aid of a temporal goal which will enable them to enjoy the fruits of the earth and the fullness thereof.

It means that this organic union or classification of individuals in groups, in order to be successful even in its temporal objective, must recognize Christ as the Head and the group as members of the body.

In other words, to my mind, the doctrines of social justice and the doctrine of the Mystical Body of Christ are inseparables. Vocational groups established along any other pattern, or national groups organized independent of the Christian concept of the Mystical Body are destined to fail.

IN CONCENTRATING our attention upon the phrase, "vocational groups," let us not miss the point that when His Holiness, Pius XI, speaks of this as being one of the aims of social justice, he did not limit it to vocational industrial groups, nor did he intend that we should be content to assist in establishing vocational groups which are divorced from the basic principles of Christianity.

We should recognize that, besides capital and labor, society is composed of five other groups, broadly speaking. There is the agricultural group, the service group, the professional group, the educational group and, last but not least, the religious group. These are seven distinct classifications of society which are necessary for fulfilment of the destiny of the human race. While each classification is distinct, it is readily admitted that the seven of them flow over, one upon the other, and the seven of them depend, one upon the other. No one classification may exploit another.

No one classification—such as that of the service group which is composed of the financialist, the politician, the bootblack, the laundry man and the butler—may so superimpose itself upon the other classifications as to make the other six totally dependent upon it. That is why His Holiness stresses the point that some economic goods are so constructed by nature that there is no extant reason why this type of goods should be owned and controlled by any one class.

And in our reasoning from this premise, that is why arguments have poured out for twelve years from the Shrine of the Little Flower not only on the subject of social justice in general, but upon the topic of usury in particular, condemning the existence of the abuse which has permitted money and credit, the common denominator of all commerce, industry, trade and agriculture, to be owned and controlled, issued and withdrawn, *by one branch of the service class to the detriment of the six other classifications of society.*

In order to better appreciate the lengthy chapter from the past which I am about to quote from Ludwig Pastor's "History of the Popes," permit me to add the following observations which should be of keen interest to teachers and religionists.

The science of social justice has been sadly neglected for many centuries. In fact, ten years ago when I first advanced the doctrine of the living, annual wage and first made mention of the nationalization, not of industry, not of commerce, not of homes and not of farms, but of money and credit, the common denominator or life-blood, as the Pope terms it, of all our activities, I was glad to accept the accusation of being a radical.

However, the principles of our science, together with our practices, were undermined by the heresy of the individual, gradually adopted the false conclusion that he was more important than society. The truth is that Christianity regards not an incomplete man nor an incomplete woman as the unit of society but has always taught that the family is its unit.

Historians trace the development of this error particularly to the reign of Leo X (1513-21) and the so-called Renaissance. An excellent account of this period can be obtained in the introductory essay of Pastor's "History of the Popes" and in the following volumes, which graphically depict the rebirth of paganism, individualism and licentiousness.

(TO BE CONTINUED.)

SOCIAL JUSTICE herewith presents the second instalment of Father Coughlin's address before the Association of Catholic Colleges of Michigan on the science of social justice, entitled: "A Chapter From the Past—A Hope for the Future." Next week, Father Coughlin will review the establishment of the Montes Pietatis (Mountains of Mercy) which, in their day, rescued Christian civilization from the blight of Usury.

THE EDITOR.

Father Coughlin

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16 PRINCIPLES OF SOCIAL JUSTICE

Liberty of conscience and education.
Just living, annual wage.
Nationalization of important public resources.
Private ownership of all other property.
Control of private property for public good.
Abolition of Federal Reserve Banking System and establishment of a government-owned Central Bank.
Restoration to Congress of its sole right to coin and regulate the value of money.
Cost of living maintained on an even keel.
Cost of production plus a fair profit for the farmer.
Labor's right to organize.
Recall of non-productive bonds.
Abolition of tax-exempt bonds.
Broadened base of taxation on basis of ownership and capacity to pay.
Simplification of government and lower taxes.
Conscription of wealth as well as men in event of war.
Sanctity of human rights preferred to sanctity of property with government's chief concern for the poor.

Enter A New Policy: America Becomes A New Servile State

LIKE thieves in the night, the New Deal brain trusters are attempting to foist upon America a new philosophy.

It is not the same philosophy which has characterized the New Deal since 1933 until last week.

It is a departure for America which not one reader of this paper suspected until today.

If this new philosophy materializes; if Congress, which will meet in January, legislates it into action, it means farewell to the American middle class and to the American standard of living.

What is this latest experiment now being nurtured by Mr. Roosevelt and his brain trusters?

Here it is:

Since 1933, the New Deal has been engaged in borrowing billions of dollars from the Federal Reserve Banks and expending these borrowed dollars on consumer products.

Ponder upon that word "consumer products." Within its scope it takes in food, shelter, clothing, small industrial products purchased by individual citizens, etc.

The thought behind this policy was that by spending sufficient borrowed money on these and other consumer products, the purchasing power could be re-established in the United States and prosperity would result.

Now, as a matter of fact, after five years of such experimentation, there are more unemployed men than ever and there is more widespread poverty than ever. Not only the poor working classes suffered, but the well-circumstanced middle classes were broken down to such an extent that their homes and farms and possessions were either confiscated, liquidated or shrunk in value.

The policy of consumer product spending has proven to be a miserable failure partly because the very consumers themselves—the men and women who eat bread, wear clothing and buy rentals and small factory products were compelled through consumer taxation to pay back with hard-earned dollars the bankers from whom fountain pen dollars were borrowed—yes, and to pay them back with interest.

During the last two weeks Mr. Roosevelt has admitted the inability of such a policy to restore prosperity to America. Summoning Bernard Baruch from abroad, he took counsel with him and his ordinary brain trusters. This group recognized that purchasing power could not be restored to the nation through a policy of borrowing-spending on consumers' products. Despite the $31-billion or more expended through this policy, there was not sufficient money amongst the consuming public to regain prosperity.

Thus, this group, headed by Bernard Baruch, decided to adopt the new policy opposite and contrary to consumer products. The new policy is "heavy products" as some economists call it. Let it be explained: If the consuming public could not buy sufficient consumer products to restore purchasing power, then let the consuming public be abandoned and let the Government become the direct purchaser of heavy products. This means that the new policy will spend money with the United States Steel, with Bethlehem Steel, with Republic Steel, with Vanadium Steel and with such large corporations who will produce products normally not bought by the consuming public but only bought by great corporations and by the Government. Hence battleships, armored tanks, ammunition, shrapnel and such products will be produced with the new spending policy of the Government and the Government itself, not the public, will be the purchaser of such heavy products.

This policy means that the Government must buy a superfluity of airplanes and ammunition. This means that America, like England, France, Germany and other European nations will enter upon an armament program, *not because we need armaments so much as we need to revive capitalistic spending and capitalistic buying on the part of the Government.*

France built its Maginot Line and spent billions of dollars in armaments following the World War. So did the other European nations with the government always being the buyer and the people always being the taxpayers.

America is now about to follow suit on the lowest level of degraded capitalism.

Did you observe that Mr. Baruch advocated the spending of $7½-billion to build up a super-navy, a super-air force and a super-army?

Why?

Not because we need these instruments of war so much as we need to protect the capitalistic system wherein the Government borrows from private banks and wherein the Government itself becomes the purchaser of the borrowed money which is spent in heavy industry.

Did you observe that Mr. Baruch unfolded the flag of fear when speaking of Hitler's supposed excursions to South America?

That observation is so much eye-wash; because Hitler has no more intention of coming to South America than he has of going to the North Pole. Hitler's first determination is to re-capture the West African colonies taken from Germany by the Treaty of Versailles. From the super-capitalist, Bernard Baruch, comes the super policy of heavy industry buying to restore purchasing power and preserve capitalism.

Will it restore purchasing power?

The answer is plain. How can purchasing power be restored to a population which is about to be condemned to a thirty-two hour week at an average of sixty cents an hour?

How can a man receive approximately twenty dollars a week, seven dollars of which must be paid out in consumer taxation, support a family on thirteen dollars a week in food, clothing and shelter?

How can such an exploited citizen purchase electric refrigeration, modest transportation and the things which the ordinary American is accustomed to desire?

Analyze this new policy announced by Bernard Baruch and you are forced to conclude that America is about to be reduced to the European standard of living—a standard wherein the people work in the factories and in the fields at low salaries and wherein the government purchases heavy industries for armament and warfare with capitalistic money.

Europe enjoys the distinction of having two classes in most of its countries—the rich and the poor. Wealth is concentrated in the hands of a few who are identified with the ownership of the great European central banks.

The poor become poorer as they find themselves classified under a new name—the "taxitariat"—which means the tax-bearing citizens. Formerly they used to be called the proletariat—the soldier-bearing citizens. Formerly a married couple had as their first duty to bring several sons into the world who could bear arms for war-like nations.

Now the first duty of a husband and wife is to bring several sons into the world to bear the load of taxation which the Baruchs and capitalists are imposing upon an already exploited population.

Gone is the hope of multiplying purchasing power among the people. Arrived is the day when the government will be the purchaser and the people will be forced to work at less than living wages and pay taxes for the support of death dealing instruments of war.

As an evidence that this policy is in the minds of the insiders of Wall Street, recognize what happened to Douglas Aircraft Organization just a few days ago. Suddenly the stock rose from the low fifties to sixty. A dividend of $3 was announced to the stockholders last week. When a dividend is paid, ordinarily a stock's price drops in proportion to the dividend. Not so last week. Douglas stock rose $3 the very day a dividend was extended to the stockholders.

That is the tip-off as America begins to produce bombing planes and establish a policy of government-borrowing-spending in its new program of heavy industrial buying.

This is the quickest revolution which has ever occurred in the annals of civilization. It was a revolution which the readers of this paper, or any other paper, did not anticipate. It is a revolution which, if the policies of Bernard Baruch are passed in the next session of Congress, will reduce America to the European standard of living as it destroys the middle class and makes of all persons in this nation members of the "taxitariat" class.

For further confirmation of this policy, which is now engrossing the minds of Wall Streeters and super-capitalists, watch the financial pages of your daily newspaper.

There is no reason to justify the climb in values in heavy industries. There is no reason, outside of a psychological one for the stock market to make such progress in prices when more persons are unemployed and when less purchasing power is evidenced in our nation. The only reason why steel and motors and aircraft stocks are soaring is attributable to the Baruchian policy of expending $7½-billion for the purchase of heavy industries by the government—a policy which means that the consuming public will be working in the factory for thirty-two hours a week at an average of sixty cents an hour in a new type of servile state.

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The Week in the Nation

POLITICS

Policies Hinge On Election Results

AMERICA faces its off-year general election this week, half understanding, half confused as to the national issues involved.

Not at all confused in the matter was the New Deal led by President Roosevelt, which saw in the national vote a testing ground for administration policies. These policies, cloaked as enlightened liberalism, tend dangerously close to authoritarian government on the one hand, and socialism on the other.

If the New Deal achieves outstanding victory at the polls, it will mark approach of the sunset of democracy as it traditionally is understood in this country. If the New Deal is defeated widely in different sections of the country it will mean that mass hysteria has been replaced by a form of popular sanity, and that the drift toward alien governmental "isms" has been checked—at least temporarily.

In his whip-like driving of the legislative branch of the Government before his will, and in his demand that only his personal choices be installed in legislative seats, President Roosevelt has resembled the "Fuehrer" of Germany's millions, or the "Duce" of the Italian population.

At the same time collectivist farming, clock-tick regulation of commerce and industry, and favoritism to left-wing labor organizations have stamped the administration indelibly with the hammer and sickle symbolic of the "proletarian dictatorship" of Soviet Russia—not that the administration is Moscow-controlled, or Moscow-inspired; merely that the administration is Moscow-minded, consciously or unconsciously.

Third Term Test

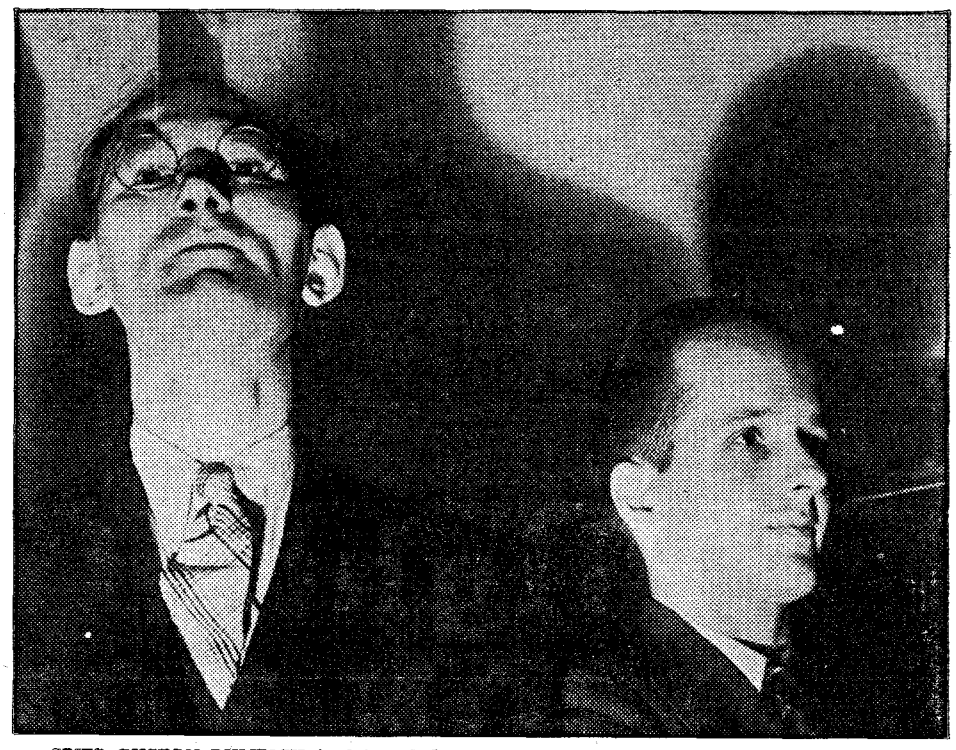
Rearing its ugly head behind the election scene is the possibility of a third term campaign by the President. As intimated above, a victory over a wide front will imbue Mr. Roosevelt with a desire to perpetuate his New Deal with its collectivism, and with its authoritarianism. Thus, in the event of a third-term campaign, the break with tradition would be complete: a custom that has prevailed since Washington's administration would go by the board; a tradition of democracy would be scrapped.

The peculiar character of the diminishing political campaign is both the despair and the hope of the American people. Forced to choose between left-wing New Dealism on the one hand, and rock-ribbed Republicanism which—in the absence of a well formulated program sparked by an inspirational leader—could be only reaction in its worst form, the voters may find the hole in the maze to be a return to the old line democracy of such men as Vice President John N. Garner.

Garner typifies traditional, liberal, mule-stamped Democracy. Thus his character places him at the nominal head of the mid-road Democratic group which includes such accomplished statesmen as Senator Bennett Champ Clark of Missouri; Senator Burton K. Wheeler of Montana; Senator Pat McCarran of Nevada, and others.

These men threw the administration for a loss when its authoritarianism got notoriously out-of-hand—the melee over government reorganization and the fight over the court packing plan. It is certain they could be depended on again to pull the government out of the swamp into which it has immersed itself.

The issue, perhaps for the last time, rests squarely with the people. Only a ringing defeat for the New Deal in the election can stem the lava flow of collectivism and authoritarianism. And unless it is done this time, the traditional "free" election stands a great chance of disappearing before 1940's presidential campaign and election.



SPIES GUSTAV RUMRICH (right) and Otto Hermann Voss, on trial in a New York Federal court. Rumrich, a deserter from the United States Army, wove a pattern of testimony that involved three associates in a coup to steal American military and naval secrets, ostensibly for the German government. Rumrich pleaded guilty. His sentence was deferred pending trial of Voss and Johanna Hoffman. *(Acme photo)*

LABOR

Detroit Sit-Downs Traced To Reds

IN Soviet Russia's Moscow Museum of Revolution hangs a map of the United States. The center of the automobile manufacturing industry is sketched in Eastern Michigan, but instead of the name "Detroit," it bears the name "Lewistown," after John L. Lewis, chairman of the C.I.O.

Shortly after his return from the Philippines, where he was governor-general, Governor Frank Murphy of Michigan quoted President Roosevelt as saying: "If Communism breaks in America, it will be in the Detroit area where it will first manifest itself."

And the same Governor Murphy some months later, when his state was racked with sit-down strikes in the auto industry and every other industry, said: "Communism is not coming. It is here. The only thing now needed is for them to begin confiscating property."

Truth of these assertions was borne out this week as the Dies committee on subversive and unAmerican activities, sitting in Washington, continued its investigations into Michigan's sit-down strikes which, it was testified, *were conceived and directed by Communist agitators* who artfully duped the mass of labor into believing it was striking for a five or ten cent wage increase. Actually it was striking to "practice" seizure of industry in the mode to be followed when the day of revolution comes.

The nation had learned before, through the union trial of five United Automobile Workers officers accused of a Communist conspiracy, that the auto unions were under the influence of Communist destroyers. In the Dies investigation it learned that *"Communists completely dominated the C.I.O. situation in Detroit,"* and that Communists centered their fire in the Detroit area with the secret purpose of creating chaos in industry.

G-Man Testifies

Jacob Spolansky, a criminal investigator for the Wayne County Sheriff's department and a former G-man, told the Dies committee that the Communist Party in America was founded by a group of foreign Communists in the 1920's, among them Bela Kun and Joseph Pogany of Hungary and Henri Barbusse of France. He said that the Moscow branch of the party in America now is controlled by Earl Browder and William Z. Foster. "The men who engineered the so-called sit-down strikes are Communists and members of the Communist party of America," he testified.

Detroit's Superintendent of Police Fred W. Frahm, active in every sit-down in Detroit, testified events have gone so far that unless Communist influence in the city's labor unions is removed, there will be a terrible outburst of violence, and "a lot of people are going to be hurt."

"There is no doubt that Communists are dictating to labor organizations in Detroit," Frahm said. "Their influence is general. Everybody knows about it. The laboring men are gradually getting acquainted with the facts."

Frahm gave it as his belief that Communists in a short while would institute a new wave of violence and disorders as part of their general program to "breed mass discontent and hatred." He said manufacturers in Michigan were willing to deal with their workers, but that *"union heads cannot control the men because of the Communists."* Furthermore, he said that when workmen refused to join Communist-inspired strikes they were made objects of terrorist campaigns of violence. Their homes were stoned, windows broken, their wives threatened, or they were attacked openly on the streets.

Ten Per Cent Red

The number of Communist trouble-makers in unions, Frahm placed at "less than 10 per cent." But the agitators, he added, are given a fee for every strike they called and directed. He said there were 187 strikes in Detroit between November, 1936 and July, 1937!

James Mitchell, auto worker and officer of U.A.W. local No. 2, testified that Homer Martin attempted sincerely to rid the union of Communists, but "apparently the Communists have a great influence on John L. Lewis." Mitchell produced a Communist party flag he found in the desk of the president of his union local, Lloyd Jones.

Ralph Knox, former president of U.A.W. local No. 212, testified before the committee that he had been removed from his office through Communist action. In Detroit his statements were protested by Emil Mazey, present president. This same Mazey previously had declared that *"the best organizers we have are Communists,"* and that "we cannot fight Communism because it is undemocratic."

The committee had been told that Homer Martin is "scheduled for the slaughter house" by the Communists whom he fought in the union before Lewis stuffed a "peace" proposal—providing for the reinstatement of expelled Communists—down the throats of the U.A.W. executive board.

WASHINGTON

Nazi Spies Tried, Red Spies Ignored

NOT generally known is the fact that the United States employs no spies in foreign countries. Uncle Sam's "spying" is confined to attempts to hunt down foreign spies at work in this country.

The trial of three Nazi spies in a New York Federal court last week, and *the ever-broadening work of unmolested Soviet spies in every industrial city,* accented the need for greater counter-espionage on the part of the United States.

Gustav Rumrich, sallow-faced, 32-year old deserter from the U. S. Army, pleaded guilty to charges of military and naval espionage and poured out testimony that involved three associates, two of them—Johanna Hoffmann and Otto Hermann Voss—on trial, and one, Karl Schleuter, a fugitive.

Despite wide attention given the trial in the press, unmistakable feeling was that the melodramatic exploits described by Rumrich are only the more obvious of the spy activities being carried on here. He told of stealing mail from a United States postal bag on board the Europa and of a fantastic plot to forge President Roosevelt's signature with a view to obtaining construction plans of naval vessels for the German government. He said the spy quartet operated with the sanction of the Reich, which coveted American military and naval armament secrets.

Meanwhile concentration on the Nazi spy trial directed attention away from Soviet espionage and sabotage; emphasized the need for adequate policing of military and naval bases.

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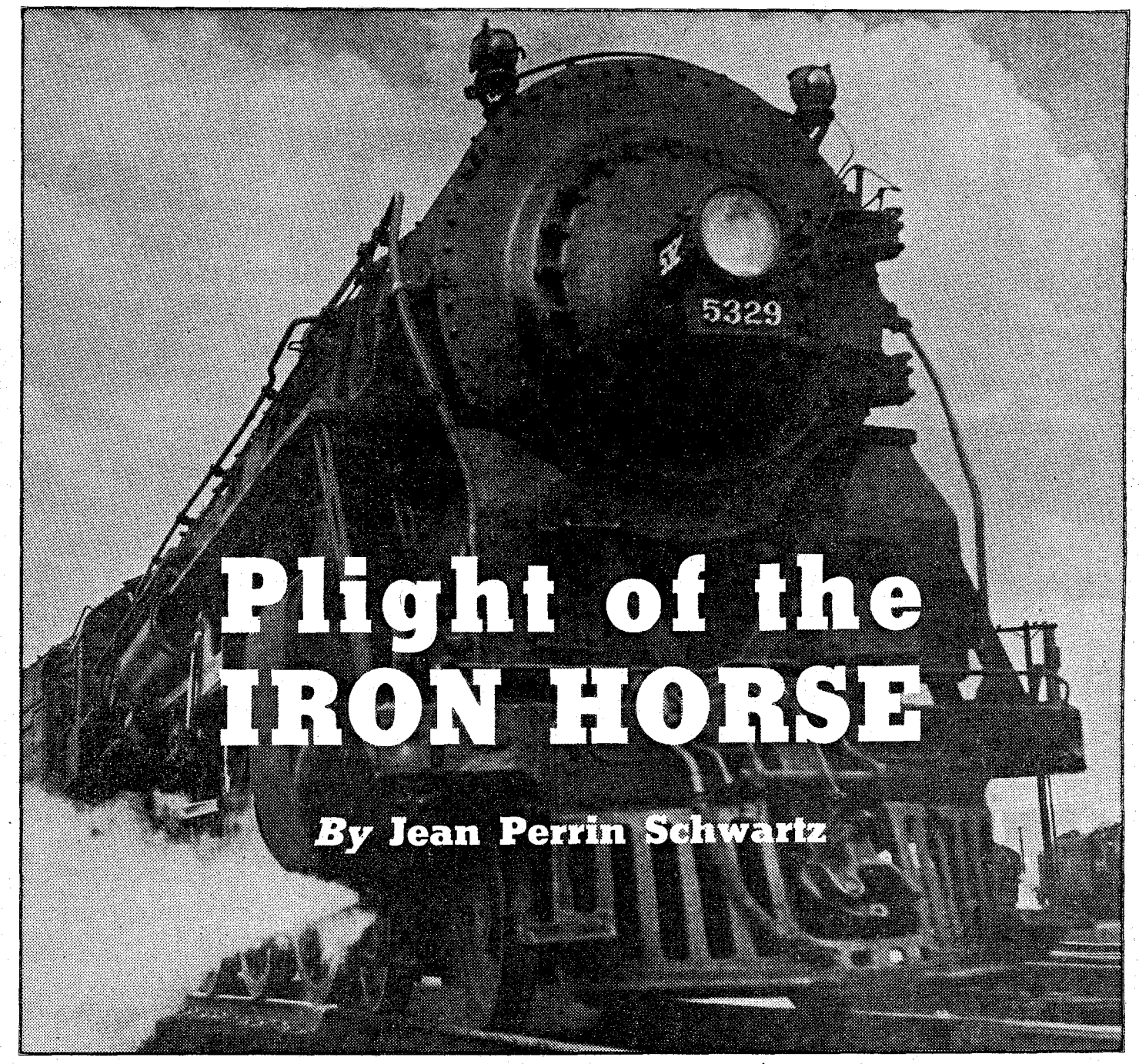

Plight of the IRON HORSE

By Jean Perrin Schwartz

The Railroads Are So Saddled With Debt That It Would Take a Perpetual Boom Merely to Meet Their Obligations.

JOHN PUBLIC, waiting in awe at the crossing as the giant Twentieth Century Limited roars by, knows little more about the railroad situation than did the early prairie settler, when he hailed as "the sweetest music ever heard," the shrill shriek of the locomotive.

He may thrill at the penetrating mass of swiftly moving steel—he feels an almost mystic wonder at the men of danger who brave rain and sleet, fogs and storms, even death itself, in the course of a day's work on the rails. But he cannot understand the "railroad problem." Of course, he knows that when he buys himself a round-trip ticket to Valley City on the train, it costs him more than it would to take his whole family there and back in his little car. But he is pretty sure that that is not what is meant by the "railroad problem."

If he does try to find out what it is all about, he becomes so entangled in a mesh of multifarious maladies, listed by everybody from Wall Street to Pennsylvania Avenue, that he concludes there could not possibly be that many things the matter with anything. So he abandons any hope of trying to understand the situation for himself, and resignedly turns to repeating what "they say" about it.

"Give us independence to run our own business," says Wall Street, speaking for the railroads. "Give us freedom from government interference, and the problem will be over," they tell us, apparently forgetting for the moment, that while government regulation and the depression may have brought about the present condition of the railroads, it was Wall Street which brought about both government regulation and the depression.

"Decrease in traffic" is responsible, say the less pugnacious railway officers, while a not particularly enlightened group of Congressmen continue to call for "more loans."

"Government control," shout the 'Reds,' who just know that everything will be over, once the bureaucrats get their fat fingers in the pie; and several high ranking New Dealers still hold out for "consolidation." The banking houses sort of favor "receivership," spotting in that tangled process a few million-dollar meal tickets for themselves.

And ever and anon, there is the cry for "lower wages" which are supposed to remove, somehow, the deficit which freight rate increases failed to relieve.

THERE has been a railroad problem ever since the Civil War. There would have been one before that, probably, were it not for the fact that there were no railroads.

Ever since men realized the potentialities of the "iron horse" as a mode of transportation—which was almost from the beginning—they have sought to fatten their fortunes upon its profits. One look at the number of millionaires made by the railroads is conclusive evidence that there is more to railroad finance than labor's keep.

Long before there was such a thing as "labor trouble," before Congress ever thought of interfering except in the interest of a few favored stockholders—wealthy men were watering stocks and selling their own roads short, building new towns and destroying existing ones, robbing citizens and plundering industries—echoing and re-echoing to "meddling" objectors, the impatient retort of old Commodore Vanderbilt to the early New Yorkers, who protested having to walk across the frozen Hudson in midwinter, merely so that Vanderbilt might win an argument and secure control of the New York Central: "Can't I do what I want with my own?"

Not until 1873 did the 42nd Congress learn to its humiliation, that the "generation between 1865 and 1895 was already mortgaged to the railways."

Senator George Hoar summarized this Congressional enlightenment in his comment on the House Report of February 20, 1873:

"When the greatest railroad of the world, binding together the continent, and uniting the two great seas which wash our shores, was finished, I have seen our national triumph and exaltation turned to bitterness and shame *by the unanimous reports of three committees of Congress that every step of that mighty enterprise had been taken in fraud.*"

Today's railroad problem is not of overnight origin. It results from the cumulation of years of such "fraud," and dates back for its beginnings, to the days when your own dear grandpa was a tot.

And while newspapers and current event magazines continue to speak of the railroad problem in terms of labor, management, expenses, competition and regulation — things calculated to divert public curiosity from more complicating details — they would be closer to the truth if they approached it from the angle of dollars and cents—of securities, and interest and bonds and debt, of dividends, receiverships, trusteeships, and such.

The thing that is troubling the railroads—whether they will admit it or not—is the same thing that has robbed us of our national security—the same thing which terrorizes the poor Jones family in Thirteenth Lane everytime their doorbell rings — that menacing little four-letter word which dangles, like a Damocletian sword, over all of us — DEBT.

IN March of this year 96 railroads, comprising 77,000 miles of railroad and representing more than 30 per cent of the total railway mileage of the United States, were in the hands of trustees or receivers.

There is no longer any such thing as an independent railroad. Practically all of the United States railroads are either Kuhn-Loeb roads or Morgan roads, depending upon which of these two great banking houses has done most of their financing.

Of the "Big 14", whose assets total $15-billion, and which comprise 60 per cent of all class I railroads in the country, two are bankrupt, and eight have been through receivership at least once.

The Pennsylvania (Kuhn-Loeb), biggest United States road from the viewpoint of revenues and assets, last year had a net operating income of $73-million, out of which it was supposed to pay fixed interest charges amounting to more than $80-million.

New York Central (Morgan), our second biggest, had a net income of only $36-million to cover its $52-million interest debt.

The Southern Pacific (Kuhn-Loeb) took in $18-million and had to pay $32-million in interest; Illinois Central (Kuhn-Loeb) had an income of $14-million and interest obligations amounting to $17-million; Missouri-Pacific (Morgan) had an $11-million income and a $21-million interest obligation, while the Baltimore and Ohio had only $25-million with which to pay interest charges of $32-million. One road, the Chicago and Northwestern had to meet fixed charges amounting to $17-million, yet its total net earnings for the year amounted to only $37,401.

In view of these facts, it is obvious that reduced wages or increased rates could be little more than temporary balm to the troubled breast of railroad finance. It could not begin to offset the millions of dollars of railroad bonds (*in other words—debt*) floated to secure monopolies and their attendant higher rates, and to pay dividends.

The "iron horse" is so saddled with debt, that it must have boom-time prosperity all of the time, merely to meet its obligations. Consequently, when depression comes and income is less, the roads cannot meet the payments to their bondholders. Since there is no such thing as lowering the interest to the bondholders, much less declaring an interest moratorium, the railroads must resort to one of their old standbys—they raise their rates, or lower the wages of their workers—or both.

The railroads are today enduring their fifth bankruptcy wave since the Civil War. They went broke in 1873, 1884, 1893, 1916 and 1932 respectively.

The help for which they are now crying—even if it is forthcoming in the form of loans—will only postpone the fateful hour—as inevitable as a bubble's demise.

WHILE the railroads may, accidentally, be a public service, financial history reveals that, primarily, they are operated to line the pockets of high finance. The robber barons of the '80's have not folded up their tents like Arabs — they have moved into halls of marble where they now loot the natives under the dignified, nondescript name of "holding company."

The holding company is a banking house which controls railroad policy and railroad finance, collects the interest, and milks the stockholders, workers and consumers of everything

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it can get. It is the holding companies and their spokesmen who are today blaming wages for the railroad problem.

This, in spite of the damaging truth that while the total railroad wages paid today are 47 per cent less than in 1920, stock and bond holders have collected more than $14-billion in dividends and interest—almost a billion dollars a year—during that same period.

The operating company on the other hand, runs the railroad. A road can exist without a holding company—without an operating company it cannot. The latter does the work and the former gets the profits, like the theatrical agent who collects the money while the actor puts on the show.

Government regulation, which is so strict, severe, and detailed in character, does not inquire into the character or workings of the holding company, but is concerned chiefly with operations. A railroad cannot discontinue or extend any service without consent of the government. Hours and conditions of labor are similarly regulated. The government fixes rates, fares and charges, also any practices in connection with the R.F.C. The operators are even told how to keep their accounts.

But alas, like most industry, the success of the railroads as they are now handled, depends not nearly so much upon the skill, dexterity and judgment of those operating them, as it does upon the skillful maneuvers of the holding company financiers, who in turn, care not nearly so much for the success of the railroads as they do for their own financial aggrandizement.

In a technique borrowed, no doubt, from the "Mephistophiles of Wall Street" in Civil War days, the present-day holding company is systematic in its looting. The technique evolved by that early robber baron, Mr. Jay Gould, minus the complicating verbiage, amounted to this:

"Buy up two or more bad roads; consolidate them and give them a new name; create the impression that the new line is good, prosperous, and has great possibilities; sell the public on the idea—then issue huge amounts of interest-bearing bonds (for improving the property, of course)—then sell it at a handsome profit, to purchasers—then, when they cannot operate it profitably because of the huge bonded indebtedness, and have to go into liquidation, be on hand to buy it back at a greatly reduced price."

Today, the holding company acquires the controlling stock in a railroad—loads it with debt in order to sell securities (on a commission basis) to savings banks and insurance companies—deliberately diverts or misuses the funds needed for operating expenses, thus raiding the treasury and making it necessary to increase freight and transportation rates. If this increase is forbidden by government, they immediately resort to receivership.

RECEIVERSHIP is not—as one might think—the end of it all. Rather it is but the beginning of a long and prosperous "haul" for the holding company.

Typical of receivership technique is the case of the Chicago, Milwaukee and St. Paul (Kuhn-Loeb), one of the "big 14" and as victimized by Wall Street finance as its poor partner in bankruptcy, the Missouri-Pacific (Morgan).

When the St. Paul went into receivership the first time (1925-27), a firm of attorneys for Kuhn-Loeb and Co. arranged the receivership. They "fixed" the entire affair, even to selecting the "right judge" to take care of the bankruptcy and appoint the receivers and their attorneys.

The St. Paul was given three receivers whose salaries and bonuses totaled almost $800,000. The attorneys for the receivers netted $247,000 from it—and the judge had a Milwaukee and St. Paul private car at his beck and call in which to take his pleasure. The receivers also had a grand time, one or more of them even taking their families and their friends on long jaunts in the poor old "busted" St. Paul's private cars, to San Diego, to New York, to Florida, and on trips extended on free passes to Alaska.

The whole receivership and reorganization process cost the already bankrupt St. Paul $6,954,859.18. And that does not even include the salaries of the officers of the road or their counsel on the receivership staff.

The legal minds who made the arrangements for that first receivership in 1925, came out of it with more and fatter fees, and wound up by becoming attorneys for the new and "reorganized" railroad at a fat yearly retainer.

And ten years after arranging that receivership, we find these same persons getting in on the pending St. Paul bankruptcy. Today the St. Paul is again in receivership, in the same court, with the same lawyers, and the same trustees. Everything else is just the same except the three receivers who are different persons.

As a matter of further remark, the very firm of Kuhn-Loeb, attorneys which arranged both receiverships in the case of the St. Paul also have their hands in the receiverships of the St. Louis and San Francisco, the Missouri Pacific, the Spokane International, the Central of Georgia, the Chicago and Northwestern, the Seaboard Air Line and the Minneapolis and St. Louis.

Similarly, a small group of Morgan attorneys is mixed up in the receiverships of the Chicago and Eastern Illinois, the Chicago, Indianapolis and Louisville; the Chicago, Rock Island and Pacific; the Minneapolis and St. Louis; the New York, New Haven and Hartford; the Norfolk and Southern; the Chicago, Milwaukee, St. Paul and Pacific, and the Seaboard Air Line.

In the instance of the various railroads investigated by the Interstate Commerce Committee, says Senator Truman of Missouri, "the reorganizations were carried on by committees from the various great insurance and trust companies. The Missouri Pacific, the Chicago, Milwaukee, St. Paul and Pacific, the Chicago and Eastern Illinois, the Frisco, the Rock Island, the Cotten Belt, the Seaboard—all had, to a considerable extent, the same reorganization committee personnel, same lawyers. It is the biggest racket on earth!"

As if banking house control over the roads internally is not enough, these financiers have a grip upon them externally as well.

The same high finance which controls the railroad, controls the industries that sell material to the railroads. While the Interstate Commerce Commission passes upon a loan, it does not say how much the roads shall pay for locomotives, or cars or equipment. Through these other interests which they control, they sell to the railroads which they control, and the more they charge the railroads, the less there is in the treasury and the more they cry for higher rates.

The whole railroad merry-go-round revolves upon a single peg—the greed of high finance. Only because of the ignorance of the general public of this fact, do they dare to blame labor and the Government for the wages of their own sin.

In a short time, the United States Congress will again meet in session. When it does, one of the first things on the Congressional "must list" will be "do something about the railroads." What that something will be is still a matter of speculation even among the M. C.'s.

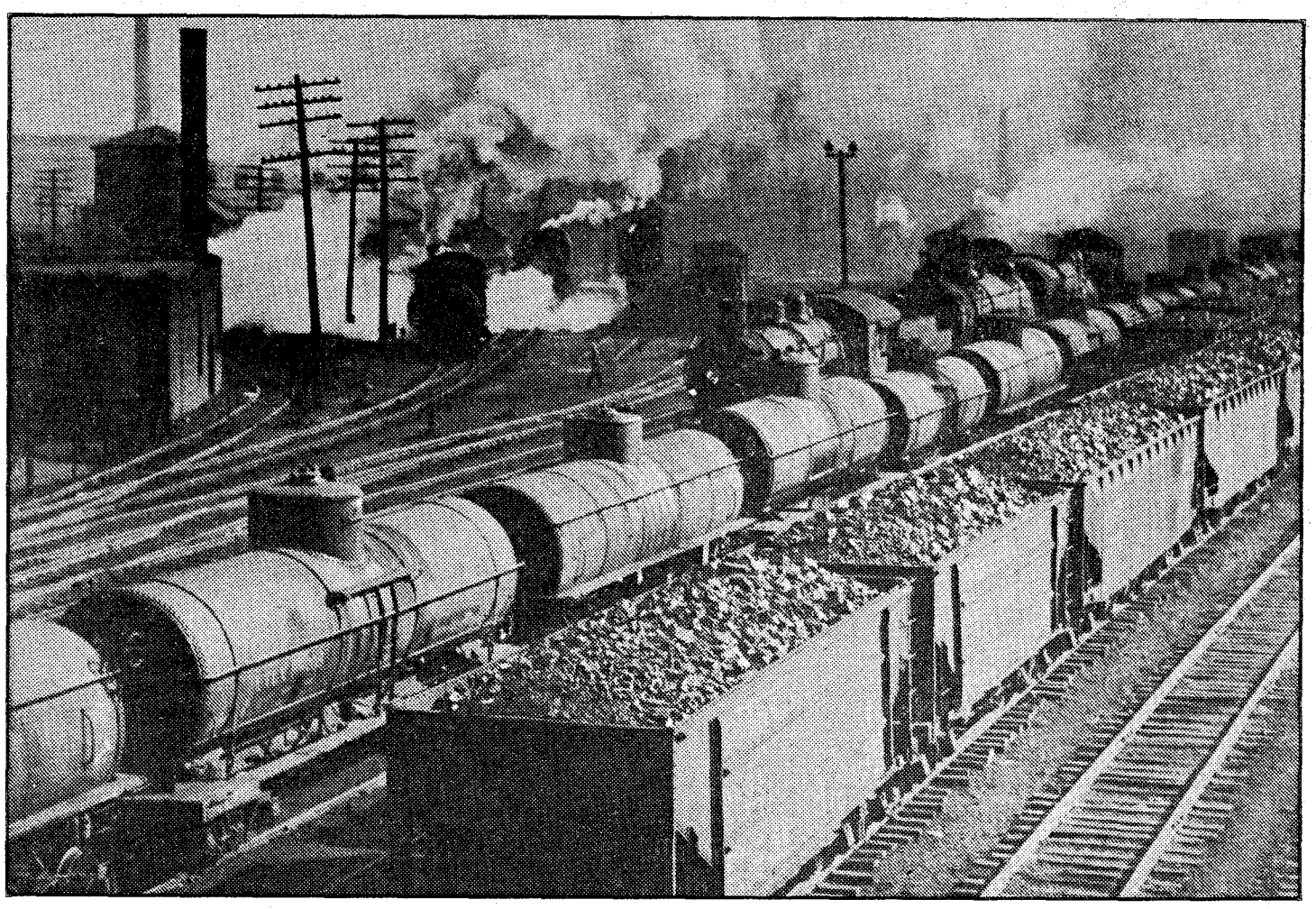
Obviously the only effective solution would include loosening the death-grip which the holding companies maintain on the nation's railroads and their related industries while looting the pockets of their own stockholders, workers and customers.

Yet this step is impossible without in some way meeting the opposition of practically every large insurance company, investment bank, trust company and financial interest in Wall Street—the bondholders.

Consequently, while there may be some railway enactments from this session, our Congress is in the embarrassing position of being helpless to solve the whole situation without going counter to the leading officers, directors and partners, of the most powerful corporations and firms in the nation's financial capital . . .

You know Wall Street.

And you know Congressmen!



Everywhere, from Wall Street to Pennsylvania Avenue, optimists and pessimists are advancing "solutions" to the Railroad Problem. With almost a third of the nation's railroads in bankruptcy—in the fifth such crisis since the Civil War—it becomes obvious that railroad action of some kind is imminent. SOCIAL JUSTICE here presents the real causes of the "Railroad Problem," which affects not only the million railroad workers, but also the thirty million American families which they serve.

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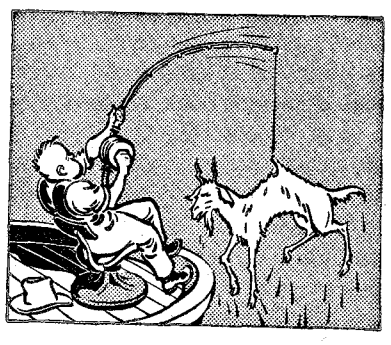
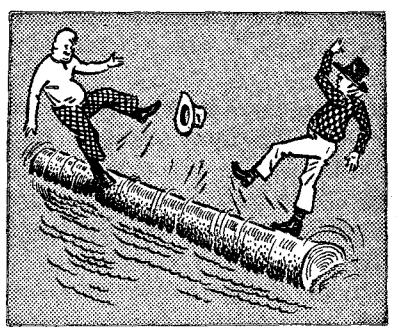


THE SPORT OF THE NATION

- POLITICAL FOOTBALL
- LOG ROLLING
- GOAT FISHING
- HOG CALLING
- BUBBLE-BLOWING
- HIDE AND SEEK
- SHIRT-STUFFING
- DUMMY WRESTLING



Elections To Test Farley Bridge

"Check Off" Offers Great Possibilities

WASHINGTON, D. C.—C. I. O.'s labor lobbyists have started pounding the big drum for the "check-off" system of dues collection from members in industry.

The United Mine Workers pioneered in it. The United Auto Workers are actively slugging for it, and the rest of the pack will be yelping soon.

Reasons for the clamor in the U. A. W. are obvious. They are the same set of reasons that led Mr. John L. ("I'll Resign") Lewis to stuff a "peace" arrangement with the auto union down the throat of Homer Martin, the U. A. W. president, and along the greasy skids of the union's executive board.

The C. I. O. needed the per capita dues of five cents a month paid by every one of the 250,000 auto union members. The U. A. W., similarly, needs the buck a month it collects from every unionist whom it can induce to pay it.

In the past collections have been none too good. To facilitate collection, the U. A. W. would have the worker's employer extract the dues from the worker's pay envelope and turn the sum over directly to the union in the method made fashionable by the garnishment people.

Thus there would be no middleman involved in the tribute payment, and the union would be sure of a buck, per member, per month.

If the union rounds first base in its attempt to saddle the workers with this additional burden, it is likely the grocery trade, drug trade, dairy trade, haberdashery trade, medical profession, dental profession, legal profession, automobile trade, butcher trade, saloon trade and the rest will get into the line-up and begin agitating for a "check-off" on their own accounts.

It really would be simple. The worker could be reduced to serfdom conveniently, and thereupon could pay whatever price the trade desired, without the worry or sacrifice of payment. It all would be taken care of at the end of the month when the creditors held a cannibal feast to slice up the worker's earnings.

If the worker emerged with a slight surplus, the company could arrange to deposit it for him in a non interest-paying bank—or perhaps drop it into its own treasury as a "service fee" for paying the worker's bills before they are due.

"WATCH IT—WATCH IT"

(Christian Science Monitor)

OF MUSE & MEN

PHYLLIS GOES OVERBOARD

IF Phyllis Bottome (last name rhymes with "home"), the English novelist who recently arrived in this country to begin a lengthy lecture tour, had been on hand, she probably would have picked the Cubs to win the World Series, when the Yanks had them 3-0.

Why? Because the first day she was in the land of liberty, Phyllis went overboard with the doggondest, hair-brained prediction anyone in the States ever heard of.

Leading up to the punch line by easy stages, Phyllis laid the predictate for her prediction by saying that "England has gone fascist," and that "the Chamberlain government has enriched our enemies and betrayed our friends."

But her prediction leaves one amazed with its fantasy. She says: "Russia will realize how Great Britain treats her allies, and will become a German ally within two years."

Well, sir, if that's a true prediction, then Whistler's Mother was a jitterbug!

EDITORIALS

CALIFORNIA'S $30 EVERY THURSDAY MOVEMENT

Funny-money.

JOHN L. LEWIS ADDRESSES MEXICAN TRADE UNIONISTS

Seeing Red.

ROOSEVELT EXTENDS OLIVE BRANCH TO BUSINESS

Sez Who?

Is Span Able To Hold Up DuringStorm?

IN THE manner of the McGuffey Reader, that celebrated school text of crinoline days, we attack the problem centering around November 8, the day of reckoning.

Q. What is that red circle on the calendar?

A. That's November 8.

Q. What's November 8?

A. It's the day of the big blow.

Q. What's that?

A. The day when they test Jim Farley's bridge against the big wind of electoral resistance.

Q. What bridge?

A. The bridge from California's Sheridan (Ham and Eggs) Downey to Senator Millard Tydings, of Maryland.

Q. Who's Jim Farley?

A. A Herculean figure who resembles Atlas in that he carries the Democratic party, or what is left of it, on his shoulders.

Q. Is Jim Farley a big man?

A. He's the biggest political man A. P., by common reckoning.

Q. What's A. P.?

A. After Purge.

Q. What's Jim Farley's bridge?

A. The structure he built after the purge to hold up what he was carrying on his shoulders.

Q. Do people walk on Jim Farley's bridge?

A. Yes, lots of people; among them Harry Hopkins, Ben Cohen, Tom Corcoran, Harold L. Ickes, even Mr. Roosevelt.

Q. When did they walk on it?

A. Before it was built, mostly. Mr. Roosevelt almost kicked it to pieces trying it out. Hopkins, Ickes, Corcoran and Cohen scoffed at the whole thing. They said it wouldn't hold up.

Q. Well, will it?

A. Not if Mr. Roosevelt, Corcoran, Cohen, Hopkins and Ickes have their way.

Q. What do they want to do?

A. Throw the whole thing out, and build a bridge of 'liberals' from one end of the country to the other.

Q. Then what?

A. They want to run back and forth on this bridge every day and shout.

Q. Why do they want to shout?

A. They want to shout so they can hear the bridge echo in the stillness of the night.

Q. What would they shout?

A. They'd shout, "reorganization?" And the bridge would echo faintly, "yes." They'd shout, "court-pack?" And the bridge would murmer lightly, "yes." They'd shout, "third term?" And then the bridge would sway slightly and whisper feebly, "yes; anything."

Q. Are Mr. Roosevelt and these men who would build this bridge engineers?

A. In a way. They tried to perfect perpetual motion.

Q. How?

A. In Congress. They tried to fix it so that whenever Mr. Roosevelt asked a question 96 heads in the Senate and 435 heads in the House of Representatives would move up and down and say 'yes.'

Q. Well, what's Hercules Farley going to do on election day?

A. He's going to murmur mumbo-jumbo magic words, cross his fingers, and try to sell the electorate another pig-in-a-poke.

Q. What's the pig?

A. The New Deal administration, which has hogged more billions in the last six years than there are stars in the Milky Way.

Q. And the poke?

A. You'll get that after election day—if they win again.

Propaganda Net Catches Tea, Cheese, Ale, Whiskey

WASHINGTON, D. C.—The State Department's net to snare foreign propagandists at work in this country was hauled in recently.

They caught a few propagandists, and got their names, ages, weights and salaries on the books, but they also caught a few others in the "pay of foreign governments or institutions."

Among them were: A trade association engaged in "propagandizing" the merits of Schweizerische Kaeseunion's genuine, 18-hole Swiss cheese. The company is located at Berne, Switzerland.

The J. Walter Thompson advertising agency of New York, which handles "propaganda" for the beer, ale, porter and stout put out by the Arthur Guinness Brewing Co. of London.

The Hermon W. Stevens Advertising Agency of Boston, which pours "insidious propaganda" about the merits of Canadian Salada Tea into the teacups of the United States housewives.

The Sherman K. Ellis Co. of New York, which is engaged in "infiltrating the nation" with the goodness of Hiram Walker's fine old Canadian Rye.

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The Week in the News

PROGRAM

Bay State Dems Back Social Justice

WELL-KNOWN to followers of Father Coughlin is the policy of "principles —not men" which guides him through his course of teaching on the nation's social, economic, political and religious life.

As the nation's leaders approach the ideal of the "16 principles" of social justice they are applauded; as they deviate from the spirit of those principles they are condemned. Applause this week therefore is given to the Democratic party in the state of Massachusetts for its general endorsement of the social justice program; its specific endorsement of several of the 16 principles.

In Massachusetts the Democratic ticket, headed by James Michael Curley, candidate for governor, is stumping the state for the abolition of usurious interest practices; abolition of tax exempt bonds; co-operation between capital and labor as regards industrial disputes, wage disputes, etc., and a just, living, annual wage.

Further, Curley and his aides ask the establishment of health clinics in all cities of the state having more than 50,000 population to provide free medical and dental care for the poor, and liberalization of the old age pension laws to increase payment from $30 to $40 a month and decrease the qualifying age limit from 65 to 60 years.

Point of Issue

As usual in Massachusetts politics, the issue is between the "blue-bloodism" of the Republican party, with its traditional consciousness of class and special privilege, and the massed opposition of the people, represented in the ticket and leader they choose. This year it is the Democratic ticket, headed by Curley.

A forceful, persuasive leader, Curley has come up through the ranks of political office. Three times mayor of Boston, Curley also served his constituency as Congressman and the state as Governor. He is recognized, even by his enemies, as an outstanding authority on municipal and state affairs.

Opposing Curley for the governorship is Leverett Saltonstall, Republican member of the state House of Representatives from 1923 through 1936. A capable administrator, Saltonstall has been able to exercise a wide influence on the policies of the Republican party in the state. He served the House as speaker from 1929 through 1936, thus exempting himself from roll calls on legislative matters.

Labor Records

A comparison of the labor records of the two candidates shows their respective policies in sharp relief. Although Saltonstall did not vote as Speaker, his stand on labor issues is written in the administrative record of his party, and in his earlier votes. Similarly, the record of Curley can be examined through a review of his votes, and of legislation passed during his administration.

While Saltonstall voted against old age pensions in 1923, 1924, 1925 and 1926, Curley's administration saw the broadening of the pension base through a reduction of the age limit from 70 to 65 years. In 1935, old age benefits were increased from $7-million to $19-million. The present platform calls for a further broadening of this base.

While Curley held elective office the Workmen's Compensation act was amended to bring payment for the entire period of incapacity, if it extended over one month, to protect the totally disabled and care for survivors of deceased workers. Saltonstall recorded against liberalized workmen's compensation in 1924 and in 1926.

Further Curley assisted passage of a law sponsored by the American Federation of Labor asking weekly payment of wages; a law granting the 48-hour, six-day week for state institution employes; laws relating to safety and health measures in factories; and an anti-strike breaking law. Saltonstall voted against an anti-injunction law in labor disputes in 1927; opposed a 48-hour work week for women in the same year, and voted against a bill to regulate wages of workers on public works.

Curley furthered a movement to keep industry in the state by reducing the tax rate on machinery; inaugurated a retirement pension system for employes of the city of Boston; created a credit union for city employes and, as governor, sponsored a law exempting the first $20 of a worker's wages from attachment for delinquent loans. Also during the Curley administration a law was passed limiting the jurisdiction of courts sitting in equity on labor disputes. It was intended to temper edicts of judges sitting in cases where labor injunction-violations were heard.

Saltonstall, on the other hand, gave his loyalty to the employer. He opposed a bill asking an investigation of services rendered by the telephone companies; voted against a bill to increase maximum compensation paid totally-disabled workers.

The Democratic party also takes into account the damage done in the recent New England hurricane and flood and asks relief measures; considers seriously the recent war crisis and declares for another social justice principle, "the conscription of wealth, as well as men, in the event of war."

Searchlight on the Money Changers

WASHINGTON, D. C.—With the unemployment problem and relief problem becoming more acute with the approach of winter, it might be well to quote the Honorable Charles G. Binderup, Nebraska Congressman, as to the real why and wherefore of this critical condition. One of the best-informed monetary authorities in the country, Congressman Binderup says:

"In 1773, Benjamin Franklin went to England as a representative of the British Colonies. When he arrived in England, he found that the most dire distress, want and need existed. He found the streets covered with the unemployed and the corners cluttered with beggars. He said to his British friend, 'Why is this? What brought about this calamity, poverty and unemployment?' Then he added that in the American Colonies there was no poverty, there were no poorhouses, that we did not need poorhouses for we had no one to put in them; there was no unemployment.

"'The people of Great Britain could not understand the situation, because they had been in the habit of emptying their penitentaries and sending them to the colonies. They could not imagine how, having sent their miserable poor people to the Colonies, there was anything except unemployment, misery and want. They asked Mr. Franklin to tell them how he accounted for their prosperous conditions and Benjamin Franklin said:

" 'That is simple. It is only because in the Colonies *we issue our own money.* It is called Colonial Scrip, and we issue it in the proper proportion to the demand of trade and industry.'

"It was not very long until this information was brought to the Rothschilds' bank, and they saw that here was a nation that was ready to be exploited; here was a nation that had been setting up an example, that they could issue their own money in place of the money coming through the banks. So the Rothschilds' bank caused a bill to be introduced in the English parliament, which provided that no Colonies of England could issue their own money. They had to use English money. Consequently the Colonies were compelled to discard their scrip and mortgage themselves to the Bank of England in order to obtain money. For the first time in the history of the United States our money began to be based on debt.

"Benjamin Franklin stated that in one year from that date, the streets of the Colonies were filled with the unemployed, because when England exchanged with them, she gave the Colonies only half as many units of payment in borrowed money from the Rothschilds' bank as they had in scrip. In other words, their circulating medium was reduced 50 per cent and everyone became unemployed. The poorhouses became filled, according to Franklin's own statement.

"Benjamin Franklin went further than that. He said that this was the original cause of the Revolutionary War. In his own language: 'The Colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the Colonies their money, which created unemployment and dissatisfaction.'

"I say again, as I have often said before, that there never was a panic, a money depression or recession that was not caused by the banks through uncontrolled plans and uncontrolled volume and velocity of money."

PRESS

The Grand Orient Is "On the Skids"

Hilaire Belloc in The Weekly Review of London, England

"There is one effect of the breakdown of our resistance to Berlin, our hesitation in the matter of Bohemia and our sacrifice of that State under threats, which thing will not be widely noticed in this country. That thing is the heavy blow dealt to the Grand Orient.

"The reason the crushing blow delivered to that institution by the English government last Monday will not be appreciated in England, is that the Grand Orient is one of those many things which are never mentioned in our official press. There is a complete boycott: an unbreakable taboo. Outside England, all over the continent of Europe, the Grand Orient is a commonplace as much as is with us the M.C.C. or the Salvation Army, but (in company with the ingredients of patent medicine and the true cost thereof) it enjoys complete immunity from public inspection.

"The Grand Orient is the chief Masonic organization in Europe. It is not identical with, though it is of course connected with, other Masonic groups all over the world. It is the core of the Liberal parliamentary organizations in France and in Italy and Spain and Belgium. It has something of a footing in countries not of a Catholic culture but it is, of course, in countries of Catholic culture that it is most active. A very large proportion of parliamentarians in all such countries, but particularly in France, are attached to the Grand Orient and take their orders from it.

"Because it is full of Mumbo-Jumbo, as secret societies must of their nature be (and Masonry most of all), it has been credited by fools with immense secret powers, but the folly of exaggerating its powers is nothing to the folly of not appreciating these powers.

"The Grand Orient is now on the decline. It has, of course, very strong Jewish backing and it has all the backing of anti-Christian philosophy, throughout the world; nevertheless it is nothing like what it used to be, and that for a number of reasons, among these, that it was bourgeois and not watertight. The Grand Orient was and is essentially middle class and had very little connection with the working people: now the working people have grown by this time to harbor some suspicion of whatever is middle class, and an appreciable part of them actively hate and oppose whatever is middle class. Meanwhile the mysterious trinkets and tinsel of the secret societies are largely exploded, people have left them in great numbers in the last generation and have written so openly upon them, that three-quarters of their old prestige has vanished.

"The Grand Orient was already in a bad way when the despotisms came in and suppressed it over about half of Europe. On the top of that, the division between straightforward Communism and Socialism hurt it still further. It supports the 'Popular Front' everywhere. It is all for Barcelona against Franco. It is still especially active among French politicians."

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The Week in the World

CANADA

Bernard Baruch Tells the "Plan"

THE big news of the week is the dictatorial armaments plan, pronounced with the finality of a god, by none other than the international bankers' messenger boy, Bernard Mannes Baruch. In a long interview to Robert G. Nixon of the *Toronto Star* (only parts of which were carried over the news wire services to the United States), Mr. Baruch demanded an expenditure in the United States of $7½-billion for "defense".

We know this "defense" is just so much rubbish. By what authority does Mr. Baruch demand this staggering expenditure, to be raised by taxation, as if it were the duty of Uncle Sam to be a combination World Court and super-policeman for the world?

Did not the armament makers in the last World War clean up a harvest of gold on the blood of the flower of manhood from three-quarters of the globe? Must the merchandizers of murder again reap where they do not sow?

Baruch, who has just completed a three-month "confidential" mission in Europe for President Roosevelt, and his own interests, told the President that the only way the United States can prevent a German onslaught on the new world is to "build immediately an army, navy, and air force second to none," and mobilize the nation's industry on virtually a war footing.

"The peace of Munich," Baruch declared, "was an ignominious acceptance of defeat before a stronger power, and only put off the day when war must come."

Why does Mr. Baruch pine for war and lament peace?

"The threat to the United States from Germany is in South America and is real and immediate. Hitler demands raw materials and markets for his manufactured goods. Where can he get them? In Europe? Hardly. In Africa? It is already taken by England, France and Italy. In the Orient? Japan dominates there.

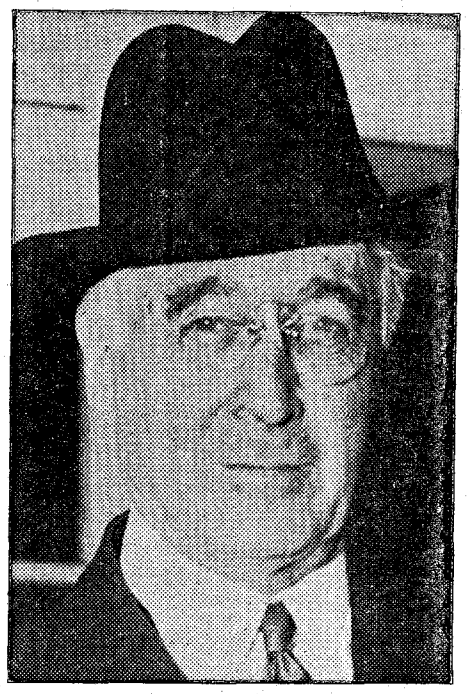
"The only place Hitler can turn to is South America. It is the last continental outpost of free governments. The Latin-American republics are comparatively defenseless. Only the United States can prevent their seizure by a strong totalitarian power such as Germany.

"Already Germany, Japan and Italy, but especially Germany, have made deep economic inroads into South America. Totalitarian ideology is insidious."

But not one word about Communism. What about Russia operating from Mexico, and stirring up revolution and discontent the whole length and breadth of South America? No comment is forthcoming from Mr. Baruch on this.

Baruch warned that the United States defense forces were "in a desperate situation and woefully lacking." He added: "The President knows it too and has been trying to do everything possible to remedy this condition, but we can go only so far; *the people of the nation must decide the rest.*"

Mr. Baruch in his interview said that re-armament would go a long way toward solving the nation's unemployment problem. "It should be borne in mind," he said, "that military outlays are mostly for labor and help the heavy industries."



WAR FOR SALE! In an exclusive interview to the Toronto Star, Bernard M. Baruch outlines his plan to sell a $7½-billion armaments program to the United States.

If America arms adequately, what then, Baruch was asked and he replied: "Then no nation will dare attack us. We won't have to go to war!"

What folly, what fallacies! Mr. Baruch knows that it is easier to whip a people into war when they are heavily armed than if they are not prepared for war. So, the first step is preparation.

Seven and a half billion dollars for the machinery of death and the engines of destruction! Think of the material prosperity that would ensue if this colossal sum of money were spent on production, on useful purposes, to feed, cloth and shelter the hungry, the ill-clad, and the shelterless.

What logic, or is it not the philosophy of "does it pay," makes men like Mr. Baruch reason that "We have avoided a war over Czechoslovakia; now we must push our armament plans so as to be powerful enough to dictate when the next crisis arrives." Would it not be more democratic and sane for intelligent men to sit down at a conference table and *remove the causes of the next crisis before it can arrive?*

Mr. Baruch speaks of the German dictatorship as a thing to be feared by every man. What about the financial dictatorship of a small ring of international bankers that operates just as ruthlessly destroying foodstuffs, plowing under cotton, flinging the gifts of God back into his face? SOCIAL JUSTICE says both are wrong and the one is just as bad as the other! Only the middle course of the Christian order can save us from the ditches on both sides.

Watch the newspaper editorials throughout the country and observe the unanimity with which they lend their power to back up Mr. Baruch's diabolical plan to build a false prosperity on shell-holes, burned property, and the snuffed-out lives of men.

Americans, worthy of the name, whose allegiance is in this country, and not international, will oppose this poison brew which is being stirred by the Baruchs, the Edens, the Churchills, the Rothchilds, so they may again profit from the caldron of war.

ENGLAND

Crisis Found British Unarmed

NOW can be told the story of the shocks that reverberated through the officialdom of England during the recent crisis. As a result, Sir John Simon, declared that Prime Minister Neville Chamberlain was returning for a "vigorous, complete, remorseless and urgent survey," of England's position and needs.

The greatest shock came regarding war preparation which is under the jurisdiction of Leslie Hore-Belisha, Secretary of War. When the showdown came, Mr. Belisha politely informed the Prime Minister that London had only 100 guns available to protect that city of 7½-million people in case of an air raid.

Even that was not the whole story. According to reliable information, only 34 of these 100 guns were new 3.7 inch weapons and not all 34 by any means would have been able to fire if bombers had come. In many cases, shells were of the wrong size, fuse caps were missing or sights were lacking.

Similar tales were told of the airplanes that were mobilized in such a hurry during the crisis. Most of the Royal Air Force could have given a good account of itself, but at the same time there were magnificent bombing planes without gun turrets and speedy pursuit planes without machine guns.

Where were all the anti-aircraft guns that had been promised? Where had all the money been going if so many of the new planes were so unprepared to meet an enemy?

These are some of the questions that are rocking the Cabinet, and disturbing those "in the know." Why the silence of Mr. Hore-Belisha, who was officially responsible for this tragic unpreparedness, while his co-workers like Eden, Churchill, Duff Cooper, et al, were shouting "sell-out" at Mr. Chamberlain?

Was there sabotage? Why have 174 British airmen been killed in 93 "unexplained" accidents in England since January 1, 1938?

If there was a sell-out in this latest war crisis, where was it?

The *American Hebrew Magazine* only recently characterized this same Mr. Hore-Belisha as "one of the greatest statesmen in Europe" together with Leon Blum of France and Maxim Litvinov of Russia.

Perhaps the American Hebrew Magazine can help explain this thing which now requires a "remorseless survey" in Great Britain.

FRANCE

Discuss Air Pact With Germany

DIPLOMATIC conversations between representatives of the French and German government are under way.

The first draft of Hitler's terms submitted to French leaders was reported to include an air pact in which France would recognize Germany's right to numerical preponderance of war planes.

France would promise to assure Germany a free hand in Central and Eastern Europe with the renunciation of her mutual assistance military treaty with Soviet Russia.

IS HIS FACE RED? The recent war crisis uncovered a scandalous state of unpreparedness in Leslie Hore-Belisha's British war department.

In return, Hitler would guarantee all French borders from attack.

CHINA

Japan Strikes At Timely Moment

THE Japanese war machine has hurled itself at South China, capturing Canton, the metropolis of South China and the last remaining large port serving the Central government at Hankow.

South China has been an Anglo-French sphere of influence for more than a century. Britain's crown colony, Hong Kong, lies close to Canton, while French Indo-China, the gem of France's colonial empire— or rather, the Rothschild's empire—is the western border of South China.

Some of the larger objectives in this drive are (1) to cut off the railway and motor roads which have been supplying men and munitions, (2) to block South China's export of silver, tea, wood, oil, and many other native products which are consumed by the United States and Great Britain. The payment for these is providing China for the first time with a favorable trade balance, which permits her to maintain her currency despite Japan's control of customs and sale revenue. Not the least of these supplies are motor trucks, gasoline and wheat from the Americas which clears through Hong Kong, (3) the Japanese desire to prevent foreign industrial expansion which has been forced into South China with the stifling of industries in Shanghai, Tiensin and elsewhere within the Japanese occupied areas, (4) The Japanese desire to frustrate the expanding prosperity of the British colony of Hong Kong, which has become the leading port on the continent, experiencing the greatest boom in history because of the blockade of the Yangtsze river and northern ports. (5) The Japanese particularly desire to prevent any mineral concessions by foreigners, (the Rothschilds and a few others) in South China.

These are a few of the reasons behind Japan's bold stroke to conquer South China. The preoccupation of France with Germany and Italy, and England with Hitler, and the Arabian situation in Palestine forces one to conclude that the Japanese have an admirable sense of timing their aggressiveness with the pressure of world events.

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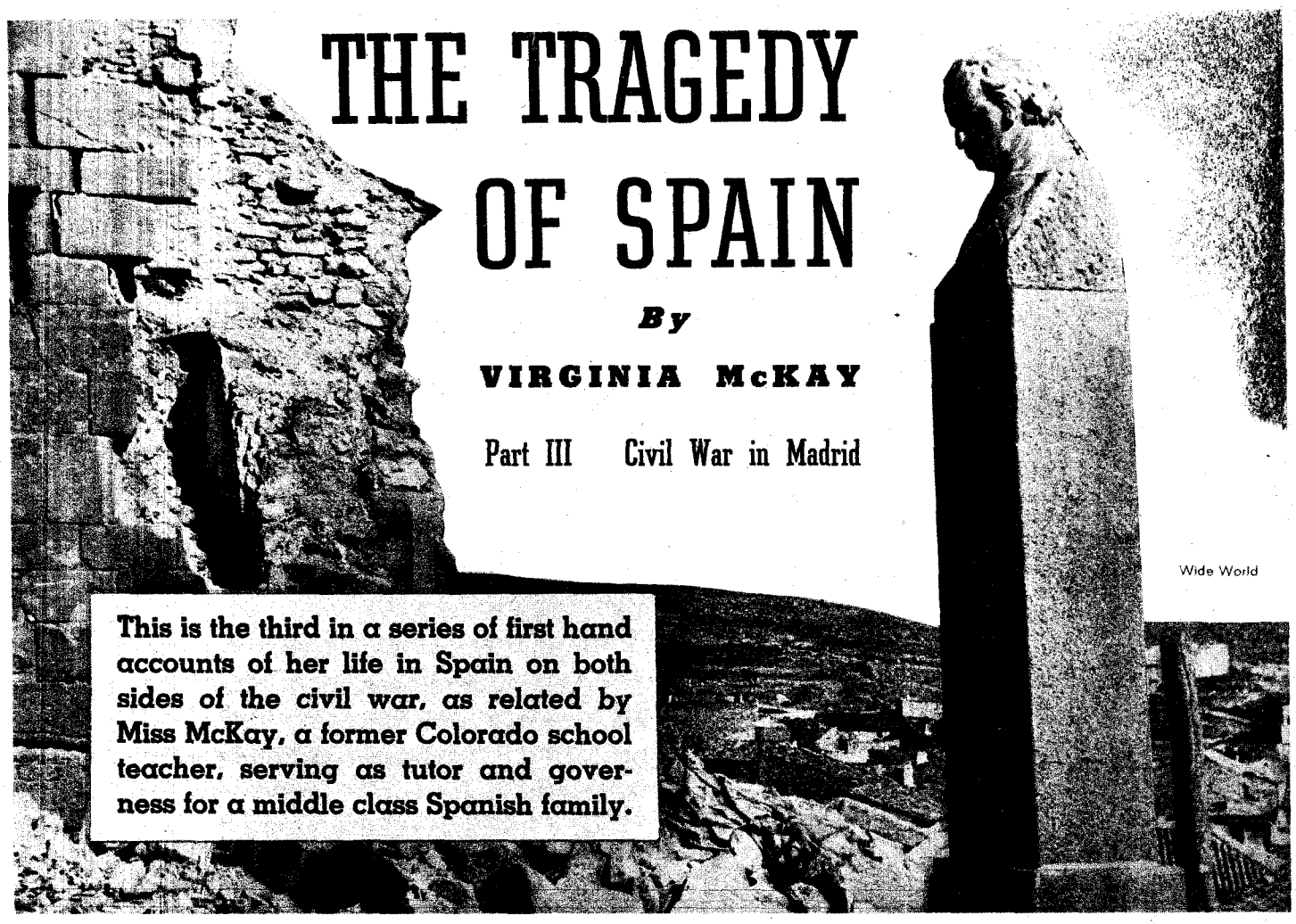
THE TRAGEDY OF SPAIN

By

VIRGINIA McKAY

Part III Civil War in Madrid



Wide World

This is the third in a series of first hand accounts of her life in Spain on both sides of the civil war, as related by Miss McKay, a former Colorado school teacher, serving as tutor and governess for a middle class Spanish family.

SPAIN is a curious mixture of the ancient and modern. This is best seen in the villages. An excellent network of highways, bus service, telephone service and electrification of every house, has brought modern civilization to the rural population. The circulation of newspapers reaches every point and there is a radio in every cafe and town hall. A talkie cinema or a provincial theater relieves the drabness of community life, and combined barber and beauty shops give fairly good services. Gas stations, and garages where even American cars can be fixed, dot the roadways. Trucks bring in store supplies. A thousand new schools had been built and there was at least one high school for each province.

On our arrival, Madrid presented a much changed city since I had left it. It was now quite the same as the small Catalan town where I had been living for two months. The capital, also, had subsided down to a routine of more tempered anarchy. The streets were still full of armed men and boys and the workers' committees had control. Private owners of cars had long since despaired of ever receiving back their automobiles again.

I watched the tactics of small groups of militiamen, with no government permits, going into houses and removing everything except wall paper. I saw them throwing furniture onto sidewalks and sometimes burning it. As I watched expensive pieces going up in flames or scratched by booted feet atop them, and cars full of silver and private art works rushing about, I felt a pang of grief at the destruction of so much beauty. Radios went too.

No one could wear a hat, necktie or mustache, because these were signs of the *bourgeoisie*. Later, papers begged people to return to decent ways of dressing because the hat and necktie manufacturers had complained of ruined business. But it had no effect.

Prices of food went up. A meal that formerly cost 5 pesetas at a restaurant, rose to 20 pesetas. The militiamen and their families were given scrip and could buy whatever they pleased. The civilian population had to wait in food lines six, seven, eight and nine hours. Foreigners had a store reserved to the Diplomatic Corps but even there, with passports, we had to stand sometimes for five hours. But, we still *could* buy eggs, sugar, potatoes, condensed milk, chocolate, beans and other things.

I supplied three homes with food; our own family of five children, the owners of my pension where I stayed, and an Associated Press correspondent. Coal could be bought by the pound and kindling wood came off of the streets and from broken up pieces of furniture. In my boarding house a fire for one hour cooked the meals of three families. Our water was cut off during certain hours; no electrical appliances were allowed to be used.

In breadlines, I heard pitiful stories of the prisons. Wives, sisters and mothers waited for the food they would bring to their relatives in the Madrid jails. Then, some day these bread line acquaintances would fail to come back, and I knew there was "no more need for food" for these jailed relatives.

MILITIAMEN appeared behind Russian beards and under cossack hats. Literature became revoltingly obscene and lewd. It didn't take much advertising to sell novels about free love, the "inside lives" of the clergy, lives of Marx, Engels, Lenin, and histories of the French Revolution.

Newspapers published messages of condolence by the Russian proletariat to their Brothers in Spain, and greetings sent by Spanish leaders to the Soviet heads. I saw several Russian propaganda pictures depicting the happy lot of the peasants, the great improvements of the Russian cities, Stalin among the workers, etc.

I saw a group of Russian armored cars, two Swiss militia-women, some English aviators, and a contingent of Scotch Red Cross ambulance drivers, who, they assured me, were doing "strictly non-partisan humanitarian work." And I believed it.

Employers were forced to take on additional help at increased wages and they had to stay open for business, even if there weren't any customers. I knew a manager of a small cafe who had been assessed 250 pesetas (about $35) a month for war purposes. The middle class people, store owners, office workers, etc., were thoroughly discouraged and hopeless looking. They would be taken out at any moment to the front.

A Statue Bust of Goya overlooking the ruins of the town of Belchite in which this great artist spent his youth.

Appreciating that I was a foreigner, many persons unburdened themselves to me pathetically in the hope that I could assure them that the Rebels soon would enter. My newspaper friend and I, while sipping tea in cafes, heard confidential opinions from waiters and shoe shiners. One day from the dining room window of my pension a painter kept us amused with jokes at the expense of the government. While riding in a street car, at another time, I listened to a peasant express his dislike for being sent to fight when he didn't know how. He said that he had accidentally fired at a cow his first day at the front.

IN Madrid, only several churches had been burned, the rest were turned into ammunition storehouses, barracks or meeting halls. *In some of these former churches dances were held.* High above one I saw a *"vaso de noche"* (chamber pot) hung on the arm of a saint's statue. Every large building or mansion had been turned into a "military objective." It was against these that Insurgent bombs were directed. Gen. Franco had requested a neutral zone, but the government instead situated barracks or ammunition warehouses there.

The people were urged to evacuate but I heard many say that they did not want to leave their homes and possessions. Many, of course, did leave. Every house was a fortified resistance. The newspapers gave directions to each housewife to "buy a bottle of gasoline, tie a piece of cotton around the neck" and when the Rebels should enter, to "throw it down, ignited, onto the troops!"

Nationalist planes dropped numerous leaflets urging the population to surrender, assuring them that they would be kindly treated. I saw many such a bunch of leaflets fluttering down, but the head would come off of any one daring to stoop down to pick one up! Later, in the American Embassy, a cook recovered a bundle of the notices that had fallen in the garden and we all read them.

The figures on the numbers of people assassinated were known even in the Red capitals. They seemed to agree with outside reports, that somewhere around 100,000 persons have been murdered in Madrid and Barcelona alone—some 60,000 in Madrid and about 40,000 in Barcelona! There were more victims in Madrid because they could not possibly have escaped. On the other hand, from Barcelona scores fled, helped out by foreign consuls, with forged passports and climbing for days through the rugged Pyrenees mountains.

A Catalan boy in Seville told me of his four-day journey through the mountains, traveling by night and hiding by day, and living off wild rabbits that seemed to be caught in hunters' traps just at the right time for him. He was uncivilly received by the French frontier guards on his arrival and nearly forced to return to his war torn country.

Later in Rome, I interviewed many refugees, too many to describe in detail. A group of Spanish children, summer camp visitors to Italy, had all been orphaned by the killings of their parents and relatives back home. The 420 boys and 210 girls each wanted to tell me their personal tales of horror, but I had only time for a few of them. All had lost their parents, and some their entire families. Infant brothers had been slain because they were "fascists of the future." These little tots had watched their loved ones killed with ax blows, savage knifings, burning, cutting to pieces or torn to bits.

A priest told me that his brothers, pastors of a village community, were shot for refusing to give up the keys to their church. A young boy and his mother were left abandoned when the father, robbed of his small butcher shop, was murdered. An old man, relative of a famous deceased Spaniard, told of his horrible three months in a Red prison.

THE question is often asked: "Why are people killed in Spain?" And the very apparent answer is—merely for being a person of "right" political affiliations, a Catholic, a rich person, a monarchist and, many times, to

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A bridge at Ebro destroyed by retreating Loyalist troops.

Wide World

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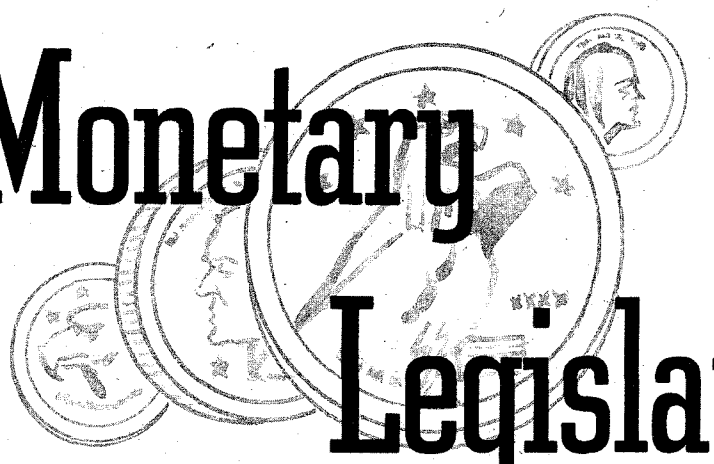
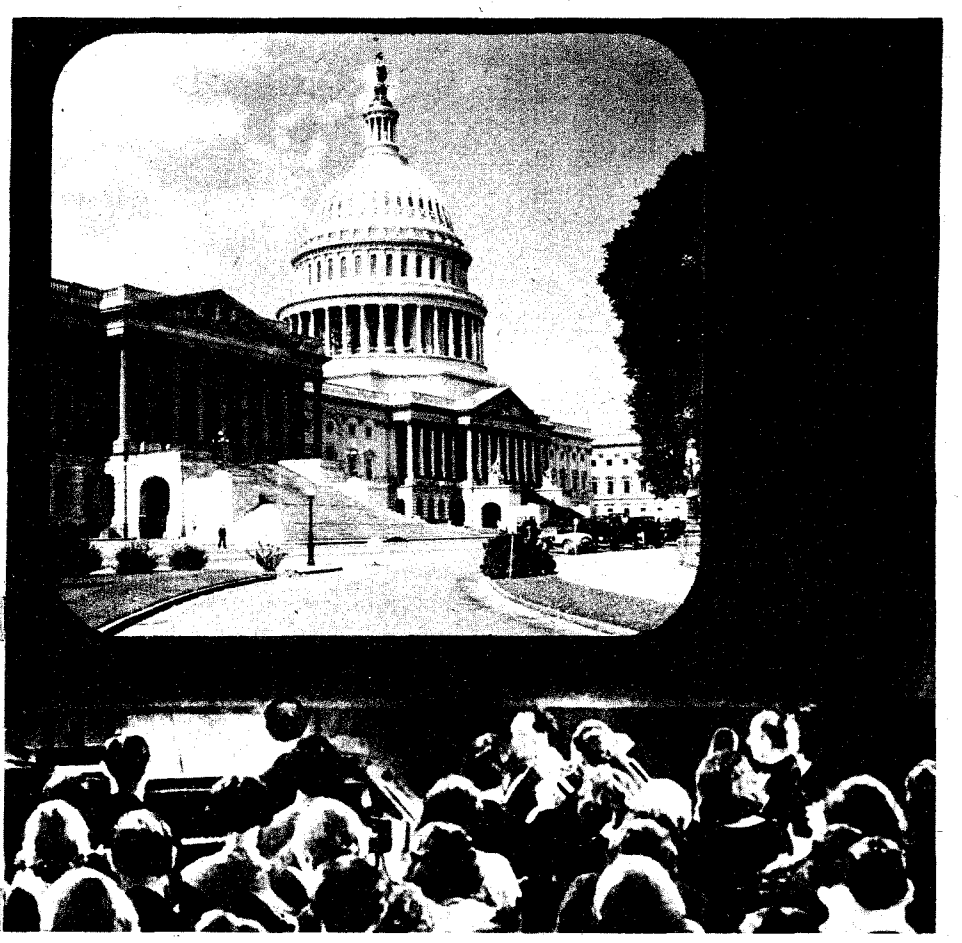
By **Robert H. Hemphill,** *Financial Authority*

Monetary Legislation



Ewing Galloway



Any Effective Remedial Law Must Include the Placing of All Banks Under Federal Law and Requiring All Banks to Carry Checking Account Balances in CASH.

TO JUDGE whether proposed legislation is adequate we must first have clearly in mind the objectives we are aiming for and the defects in the systems now in operation and in what manner and degree they fail of a practical ideal.

We have recently come to recognize that most, if not all, of our social inequities are little more than the visible maladjustments of an imperfect economic system and that reform in our economic system will largely obliterate our outstanding social inequities.

Our principal economic objective is to produce and exchange with each other our maximum of products and services. Competent estimates place the attainable maximum at around $130-billion of goods and services at the average prices and wages which have obtained in recent prosperous years, such as the period 1923-29 inclusive.

As our present population is approximately 130 millions, this would require an average income of $1,000 per capita—a total of $130-billion, annual purchasing power to exchange or consume these products.

At the maximum velocity or turnover at which our money will operate as purchasing power—three times per annum—this would require that we have in the checking accounts of individuals, firms, and corporations of the nation, subject to check, about $43-billion. This is approximately double the amount we have now in our aggregate checking accounts.

The reason I use the word "approximately" is that the figures of total demand bank deposits we have from the Comptroller of the Currency contains an item of "deferred credit" meaning checks credited to checking accounts conditionally, and not subject to check until the lapse of certain periods of time. This comparatively new wrinkle in banking practice impounds a portion of the purchasing power of the country in a no-man's land of inaction, and is an important factor in the present depression.

Author's Note: This writer has recently called the President's attention to this important matter and negotiations are in progress looking to release this inactive fund. It would, in this writer's opinion increase the national income 10 or more billions of dollars. It would put into active operation overnight some 3 or 4 billions of additional dollars — more money than the President's entire current recovery program contemplates.

DEDUCTING an estimated amount to cover this inactive fund, we have likely 20 to 22 billions of active purchasing power in operation. Now, 60 to 66 billions annual national income is the maximum possible with this volume of circulating purchasing power. To restore full production *we would therefore have to put into circulation something like an additional 20 billions.*

Such a sum would be wholly beyond the commercial banks, even if the bankers forgot everything they have learned since 1929, took the lid entirely off and went into the same sort of dizzy and unintelligent frenzy which characterized their operation in 1928-29, when they loaned credit to practically all comers on the most questionable security or none at all, and such a period would quickly wreck the country including the banks.

It was long ago determined that the total amount of actual "commercial paper," in prosperous times does not exceed $3-billion. All other loans are strictly capital loans which cannot be paid in the ordinary course of business, and can never be paid except by liquidation of the business, and liquidation of even a small fraction of our business means instant depression, distress and bankruptcy.

If new money is put into circulation, production is immediately expanded to supply the goods demanded, constantly, by this new purchasing power. Permanent means of production, transportation, and distributing facilities are immediately expanded and enlarged; unemployed men are engaged and all of this activity is on a permanent basis. If this new money is subsequently taken out of circulation, the new demand for goods ceases instantly and these new facilities become immediately idle. We simply go back to the former state of inadequate production, with idle facilities and unemployment.

It should be evident therefore that *all money going into circulation must remain permanently in circulation and that new money must be added at least as fast as the population increases.*

Leaving out of consideration for the moment the unfair advantage which the bankers, with their power to create a usable medium of exchange for their own private benefit, have over the remainder of the business world, the one fact that we are attempting to operate permanent production and distribution facilities with a medium of exchange which is only loaned to society and frequently withdrawn, is obviously the loose screw in our economic system. Our business must and does fluctuate just as the supply of this synthetic medium of exchange—bank credit—expands or contracts.

This is the fundamental situation which must be cured. To accomplish this sweeping reform it is quite obvious that all media of exchange must be issued by the Government and put permanently into circulation. Banks must cease issuing this unlawful and uncontrolled "wildcat credit" and confine their activities to their original and normal function of lending actual money deposited with them for that purpose in time deposits.

THERE are some 15,000 banks in the United States, a little less than half of which have National Charters and are therefore directly under control of the Federal Government. The remainder, more than one-half, are State chartered and State controlled. To make any Federal laws operative therefore, these state controlled institutions must be brought under jurisdiction of the Federal Government, and any proposed law should contain such a provision as the first step.

The next step is to eliminate the issue of bank credit deposits by the commercial banks. This will require that the banks which handle checking accounts be required to carry these accounts in actual money, either in their vaults or some available depository, such as the nearest Federal Reserve Bank or the United States Treasury.

The original banks did just this, but business developed faster than the supply of money and the demand for some usable medium of exchange encouraged the banks first to issue their own notes and lend them and finally, as transfers of the title to these "wildcat banknotes" began to be effected by check instead of the shipment of the actual bank notes, the bankers found that they could simply credit the borrower's account with purely imaginary money and save the small expense of printing these "wildcat notes."

And so the system of "wildcat credit" supplanted the "wildcat bank notes" which were prohibited by law, and because this equally "wildcat" credit is an intangible thing it has escaped prohibition, but the illegality and principle and the hazard and the destructive effect of this uncontrolled and uncontrollable wildcat credit is precisely the same as the wildcat bank notes which were outlawed.

These two primary provisions—to bring all commercial banks under Federal jurisdiction, and to eliminate the issue of uncontrolled "wildcat credit money"—are necessary to return the control of the volume of all media of exchange into the jurisdiction of Congress, and the remainder of any practical law must provide that Congress be equipped with the technical mechanism to determine the amount of money to be placed in circulation to restore us to as nearly full employment and full production as may prove practical, and the method by which this may be done.

IT IS necessary, of course, to provide some body of technicians as a "Monetary Authority" to carry out the mandates of Congress and this is by no means a simple matter. We have many eminent economists, but very few who have made a special study of money, and a portion of even these few are hampered by an absence of contact with the materialistic and selfish business world, and by traditional views which they have been taught and which were true in past centuries but which a changing civilization and production methods have made obsolete.

For instance, it is no longer true that increasing the purchasing power of the people by increasing the money in circulation is necessarily followed by a rise in the average prices of all commodities. Just now in America the average cost of production is higher than normal because production is far below normal, and cost of production and competition eventually regulate prices.

It is quite true that if the purchasing power of a people is increased faster than production can be expanded to meet the increased demand, prices will rise, but if the purchasing power is increased along with expansion in production, prices will either fall in response to the lowered cost of increased production, or the item of wages may be increased rapidly to absorb the savings in fixed charges and this makes for wider distribution

(Continued on Page 18)

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THE decision of the Federal Reserve Bankers to contract credit substantially after May 1920 was to bring tremendous losses to the patriotic citizens who had co-operated with the United States Government by purchasing Liberty Bonds. It was decided by these bankers to put into effect a graduated interest rate, and the question arose as to whether this would apply to customers' notes secured by Liberty Bonds. Mr. Wells said: "We want to know if customers' notes secured by Liberty Bonds are exempt from the application of it (the graduated rate)."

Mr. Bailey answered: "They are not."

In this connection, the comment of the *Manufacturers Record* is worth quoting:

"When the Federal Reserve system undertook to violate every promise made by the Government and by the banks in persuading people to buy Liberty Bonds, promising to carry them and then calling loans on them in order to force them out of the banks, breaking them down from twelve to fifteen points or more, the honor of the Government and the good faith of the banks was trampled in the mire, and millions of bonds bought in good faith by patriotic people to help the banks and help the Government were forced to be sold at a loss. The national Government bought in two billion dollars of its own dishonest promises to pay, and the Secretary of the Treasury boasted of the money that had been saved in doing so! And at these low prices hundreds of millions of bonds were bought in by big estates and big institutions, with heavy losses to innocent original purchasers!"

As we have seen, the purpose of the bankers' meeting in Washington was to break down business by restricting credit. Yet some of the financiers present feared that a disastrous panic would be the result. Mr. John Skelton Williams, Comptroller of the Currency, keenly aware of such possibilities, placed the responsibility precisely where it belonged. Said Mr. Williams: "If anything of that kind comes it will be our fault, *the fault of those who are in charge of the banking and commercial interests of the country,* and I do not believe they are going to bungle it."

We know, of course, that they did bungle it, just as they have for the last 150 years of private banking in the United States. The important point is that Mr. Williams and the Federal Reserve bankers *knew it was their fault;* knew they were responsible for the losses, the bankruptcies, the hunger, the despair and the suicides that every bankers' panic has produced in the history of the nation. In view of this admission of Mr. Williams, how vain and foolish are the protestations of those who desire to perpetuate a system so ghastly in its effects!

IT MAY be well, therefore, to examine the banking methods used and the dire results accomplished, the responsibility for which, Mr. Williams expressly placed in the lap of the Federal Reserve bankers.

Shortly after this fateful meeting in May, 1920, the Federal Reserve Banks, without notice or warning, began to raise the rediscount rates to 6 per cent, to 7 per cent, to 8 per cent, to 9 per cent, and in some farm sections to a point where some member banks were charged as high as 50 per cent. At the same time the Central Reserve Banks began selling Government bonds. As this move progressed Liberty Bonds dropped as low as 80. Naturally the whole bond market collapsed and thus decreased the "reserves" of the small banks. This made it necessary for the small banks to call their loans and demand payment. Every payment of a loan destroyed that much money and thus produced a drastic deflation that ruined agricultural prices.

Accordingly, the farmers of the nation, who according to the banker named Bruton were "doing the work of the country," suffered the worst penalties. In 1920 and 1921 the value of farm lands dropped 18 billions of dollars, and the value of farm products as compared with 1919 prices declined over 14 billions of dollars. This meant a total financial loss to the farmers of at least 32 billions. No one can estimate the mental and moral hardships involved. But perhaps it is easier to visualize the wreck of agriculture when we consider that wheat dropped from $3.00 a bushel to $1.60; corn from $1.50 to 35c; oats from 80c to 43c; barley from $1.33 to 60c; potatoes from $1.98 to $1.00; flax-seed from $4.45 to $1.60; apples from $2.15 to $1.30; cotton from 36c to 11c; cotton seed from 69c to 18c.

But the farmers were not alone; for business in general collapsed, as the bankers systematically curtailed the credit which alone could keep business going. In 1920 only 49 banks and 8,881 business firms failed. In 1921 no less than 358 banks failed and 19,652 businesses went to the wall. The next year saw 397 banks and 23,676 business firms wiped out. And since 1922 our economy has been a succession of bank and business failures, *for the very simple reason that a system of private coinage and lending will not work.*

MR. Robert H. Hemphill expresses this truth well when he says:

"Prosperity which is built on bank loans must necessarily cease the instant these loans are called. We simply go back to the point we started from . . . If we are doing business on a medium of exchange that is simply loaned to us, we certainly cannot do business when it is called out of circulation. That is the fundamental loose screw in our economic machine."

Moreover, the danger of permitting private persons to control the money and credit of the country is amply illustrated in the efforts made by some to stop the ruinous deflation of 1920. The Board of Governors of the Federal Reserve System as now constituted has no mandate from Congress to maintain steady, honest price levels. Intent as they are on private profit for the banks, they make their own decisions. Thus, when in 1920, Mr. John Skelton Williams, Comptroller of the Currency, criticized the deflationary measures of the Board, the bankers laughed at him.

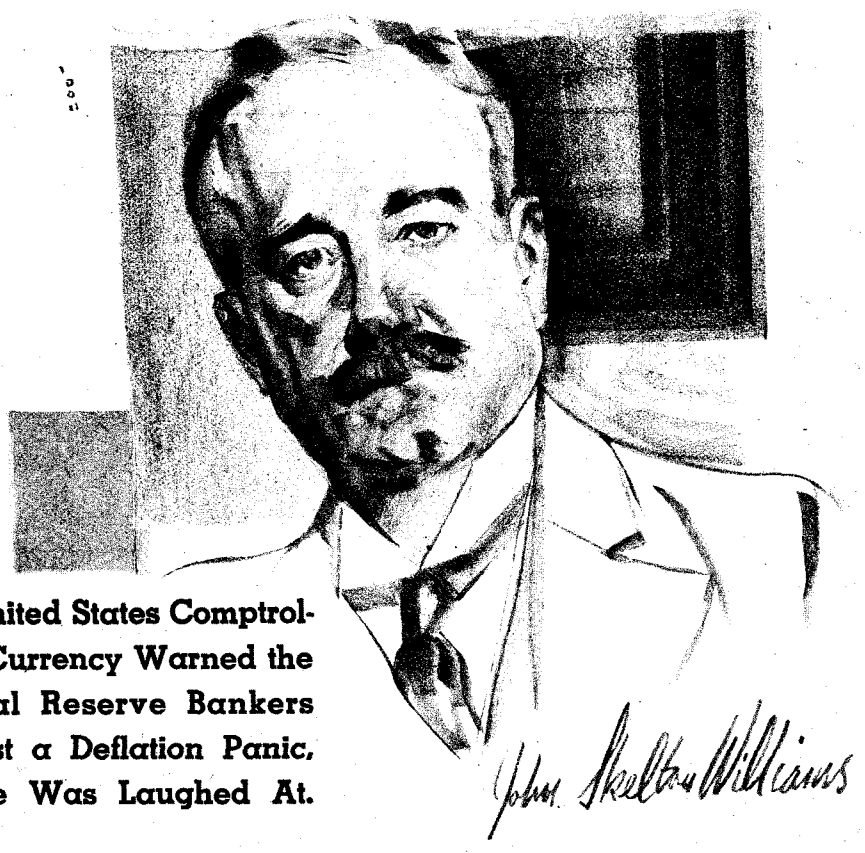
In July, 1920, with the financial situation growing worse, Mr. Williams made a statement to the press that there was no need for it, that the banks had $750,000,000 of unused lending power, which should be employed to curb deflation. Incensed at this, the chairman of the Federal Reserve Bank of New York wrote a letter to the Reserve Board taking Mr. Williams to task for interfering in the plans for curtailing credit.

Nevertheless, Mr. Williams continued to criticize the Board and the bankers for doing the very things which he had said previously he believed they would not do. Thus, on October 26, 1920, he wrote a letter to the Secretary of the Treasury complaining against the deflationary policies of the Board, in which letter he said: "The shrinkage in our leading commodities throughout the current year has ranged from 25 to 75 per cent from prices of less than a year ago. This shrinkage amounts not to millions or hundreds of millions but to billions of dollars. The strain upon the business fabric of the country is in some respects unparalleled, and I do feel that the time has come for the exercise of such salutary and constructive powers as may be at our command."

He was referring, of course, to the powers which the Board had to stop the debacle by lowering reserve requirements and interest rates in order to stimulate an increase in credit loans. Yet the Board's answer to Mr. Williams was to do just the opposite. The contraction of loans continued uninterrupted, each month showing a further *decrease* of money in circulation, a worse deflation.

Finally, Mr. Williams felt it his duty to offer a resolution to the Board

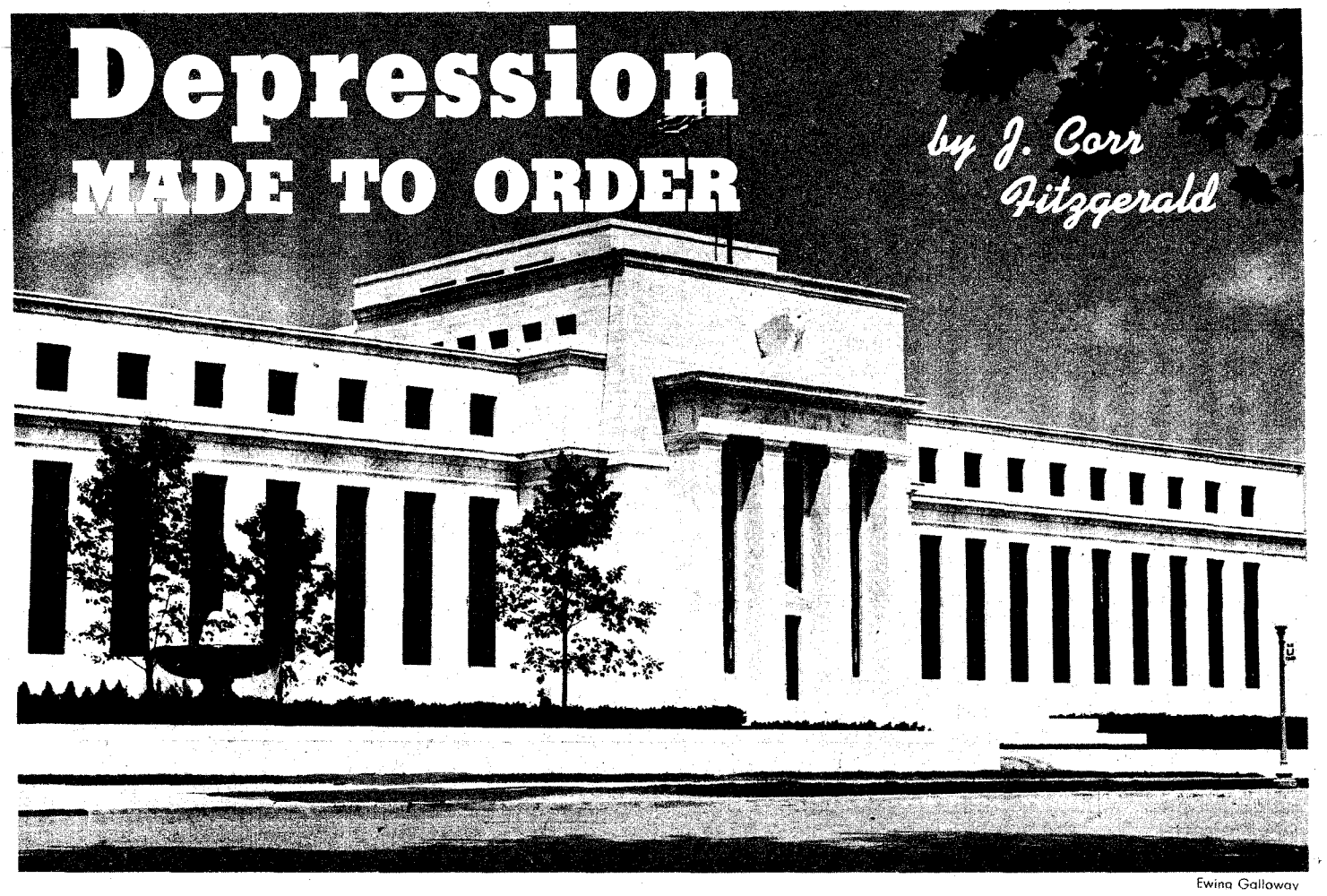
(Continued on Page 18)



The United States Comptroller of Currency Warned the Federal Reserve Bankers Against a Deflation Panic, But He Was Laughed At.

Depression MADE TO ORDER

by J. Corr Fitzgerald



Ewing Galloway

The New Federal Reserve Building at Washington, D. C.

SOCIAL JUSTICE herewith presents the third and last of a series of articles by Mr. Fitzgerald on the secret bankers' meeting in 1920 which deliberately decreed the depression.

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HOW TO BEAT COMMUNISM

(Continued from Page 3)

perity, social justice and human brotherhood—but in their plans for realizing these goals. The person who knows any history and political science and economics knows that *these plans have been tried repeatedly and have failed.* The educated person knows that social changes come slowly.

If you are in a hurry, as in Germany from 1919 to 1933, or in Spain, there is revolution and reaction. If you try dictatorship, as in Nazi Germany or Soviet Russia, everybody has to work but he is only a serf. The educated man moves slowly but steadily and persistently.

So, to hit Communism at its weakest point, you must have education. You cannot fight an idea by banishing it. The only way you can fight an idea is by meeting it with another idea; and the only way you can meet it with another idea is by proper education.

The writer in the *Nation's Business* concludes with an additional consideration. He writes:

"Communism, I am convinced, can flourish only when the soul of a people is dead. The wisest men from the time of the Greeks have sensed that we really live in two worlds: the world of sticks and stones, and the world of the intellect, the world of the spirit.

"There is one world, a dog's world, a world of bones and kennels and chains and muzzles, and hunts and fights; and there is a man's world, a world of ideas, of beauty, of thought. The one is base, the other good. In one, men are slaves, in the other they are free. In one, there are oppressed and oppressors, in the other, all are unrestrained.

"I hope for a world with bigger bones and better kennels, but I despair if that is all men want. Our people will perish unless we reincorporate in our life the statement made 150 years ago in our Northwest Ordinance, *'religion, knowledge and morality, being necessary to the welfare of mankind, schools and the means of education should forever be encouraged.'"*

DEPRESSION MADE TO ORDER

(Continued from Page 17)

requiring the Central Reserve Banks, which in some instances were charging 70 per cent, to limit the charge to member banks to 6 per cent. The Reserve Board laughed at the idea and promptly voted it down. Later Mr. Williams asked the Board to charge only 10 per cent to member banks. This struck the Board as unwise and they refused to pass it.

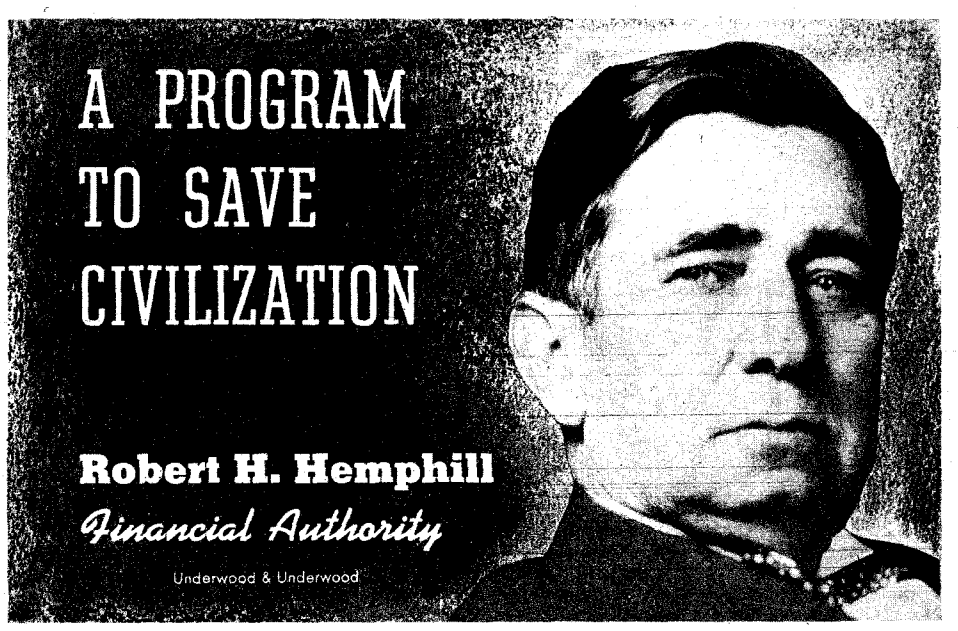
SEVERAL of our more intelligent Congressmen have had a great deal to say about this secret bankers' meeting and Mr. Williams' struggle with the leading financiers. The Hon. Finly H. Gray describes the meeting at length (*Congressional Record,* Vol. 64, Part 5 of the 67th Congress, Fourth Session) and makes particular reference to Comptroller Williams' effort to get the bankers to listen to reason.

Quoting the Hon. Finly H. Gray:

"Mr. John Skelton Williams, Comptroller of the Currency, when this contraction of money was proposed, explained his efforts to stop the resolution being drawn. In relating his efforts to the late John A. Simpson, he said, 'I told the other members of the Board: Do you know that this will break lots of little country banks? They cold bloodedly answered me: They ought to break — there are too many of them! I then told them: Don't you know it's going to ruin lots of farmers? And they cold bloodedly replied to me: They ought to be ruined—they are getting so prosperous they will not work!"

This is not quoted here to indicate in any way that the bankers at that secret meeting were fiends bent on exploitation. Doubtless Mr. Williams, finding his attempts obstructed, exaggerated the opposition. What is important, however, is the historical fact that the Comptroller of the Currency conscientiously objected to plans calculated to prostrate business. He had no authority that could impress the Board. The Reserve Board proceeded with deflation. Little banks continued to fail until, by 1924, more than 1,900 banks were wiped out, with untold losses to depositors, and thousands of farmers were in desperate plight.

The Federal Reserve Board remains today what it was in 1920—an irresponsible board of bankers with no mandate from Congress to prevent inflation or depression, with full control of the money and credit of the country, with no concern for the common good, but dominated by one idea alone, namely to increase still further the control of the bankers over the money and credit of the nation. If this control is not removed from private hands and put under the public authority, nothing short of national disaster can come of it.



Responsive to requests from many readers, SOCIAL JUSTICE is pleased to present a bit more intimately, Mr. Hemphill's program for financial reform in America.

"I have given more than half a life time to the study of the control of prosperity by controlling the money, and I believe that I know the subject —for America—as well as any man alive.

"I am convinced that we could expand production at least $12-billion per annum without inflation, which would mean putting into circulation $4-billion of new money per annum, but to be safe, I would advocate that—

"1. All banks be placed under operation of Federal law.

"2. All banks carry checking account balances in cash.

"3. All restrictions over banking operations relating to the method of lending and the character of loans by banks be discontinued.

"4. That the National Bank Law and all amendments, and the Federal Reserve Act and all amendments be repealed.

"5. That Government expenditures and Federal taxes be so regulated that the excess of expenditures over tax collections be $3-billion per annum for a period of 10 years, or until at least 95 per cent of employable persons—excluding the voluntarily idle —are employed.

"There are many minor detail provisions, of course, which are necessary to set up and put into operation this reform, but they are technical details. The above recited provisions cover the principle objectives which MUST be included in any really effective law.

"This is the most important legislation ever proposed. Failure to enact it may mean the destruction of civilization." *(See "Monetary Legislation" Page 16.)*

MONETARY LEGISLATION

(Continued from Page 16)

in purchasing power and is altogether desirable, for, in that case, the standard of living is rapidly elevated in all classes.

I have been all along, in favor of providing for as complete a schedule of procedure as possible in the law, leaving as little to the discretion of the operating authority as possible.

It is possible to ascertain accurately how fast and how far production can be expanded. We know from ample data just how much money must be in circulation to absorb this increase. With these two fundamental facts the amount of safe annual increase is a simple mathematical problem and I know of no reason why this rational increase cannot be provided in the law, and the powers of the monetary authority be limited to determining the facts and the methods of introducing the money into circulation.

In this latter connection, the expenditures of the Federal Government, and the collection of taxes furnish an ideal mechanism for regulating the money supply. If and when the issue of the bankers' "wildcat credit" has been eliminated and the power, vested in Congress by the Constitution, to issue the money of the nation and to regulate its value is reduced to a fact, the amount of new money introduced annually into circulation will be the excess of Federal expenditures over the Federal taxes collected. Therefore it will be necessary only to vary the amount of taxes collected.

The fundamental error the present administration is making is not in its expenditure projects, but in the fact that it puts money into circulation by excessive expenditures and removes it by excessive tax collections, both of which proceedings bring down on its head the wrath of the unthinking reactionaries, but accomplish nothing in the way of increasing the purchasing power of the nation.

THE TRAGEDY OF SPAIN

(Continued from Page 15)

clean up old personal feuds. It is estimated that 60 per cent of all the priests in Spain have been "liquidated." Nuns have not been so harshly persecuted. Many of them were evacuated on English, French and German boats. Those remaining are forced to hide or to do degrading work, dressed in civilian clothes. Entire villages of 4,000 and 5,000 population, have been cleaned out.

All foreigners were catalogued and had to report to the police station every three months. For protection we wore arm bands of our flag with an official Consular number. For the most part we were not molested but had to suffer the same dangers that the civilians endured. My room was searched, and one of my blankets taken for the soldiers; I was stopped in a long distance telephone call and told to speak in Spanish. I was threatened several times on the street for not giving the Communist salute and a gun shoved under my nose.

In one pension, where I stayed before entering the Embassy, the guests were divided politically. At night groups of us discussed matters in separate rooms. One man and his wife, although registered in the C.N.T., waited for the Rebel stations on a radio concealed beneath their bedroom carpet. At 10 p.m. I sneaked in with them to hear what Franco and General Quiepo de Llano had to say. I was present when a Socialist rang up the owner one morning and told of a shooting fray of the night before because of a quarrel in a prominent hotel between Socialists and Communists over the possession of the hotel silver and radios.

The militia seemed composed largely of the members of the labor unions and the riff-raff from everywhere. At first, women were allowed to go to the front in large numbers (being paid 10 pesetas a day). My newspaper friend told me that in the first days of the war more men died of social diseases than in actual combat. A group of these prostitute-militiawomen was then shot by the government. Nurses seemed very young and inexperienced and many times the religious nursing orders were drafted because they were experienced.

One day I got wind that the government leaders had left Madrid for Barcelona, Cabinet and all. The people would not believe it and it was a dangerous thing to hint. But, it was true. The same reporter friend said to me one afternoon: "Come over to the office this evening and see a bunch of cowards sneaking out." I did and watched a group of intellectual club leaders dumping their bags into a car ready to desert when it got dark. Things had gotten too "hot" for the politicians in Madrid, and they simply abandoned the people!

Madrid ever since has been under a military rule of a few Spanish and foreign generals. *At the beginning the Soviet Ambassador, a Mr. Rosenberg, was directing things.* Later, stories came from Barcelona that some of the presidents and premiers were stopped at the frontier and sent back to the people by the militiamen.

The Prado Museum, the National Library and other art galleries were closed to the public "For Repairs," but I learned that numerous masterpieces had disappeared from them. Later, on my return to America, a friend told me that she knew a Spaniard who had done a good business selling in Paris paintings he had taken out of a Barcelona church!

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THROUGH THE ASSISTANCE of thousands of readers, Father Coughlin is enabled to return to the microphone. Unless thousands who have not yet contributed do so at once, HE CANNOT REMAIN ON THE AIR! Fifty thousand dollars are needed in the next two weeks to assure continuance of broadcasts under current contracts. This is very little money when spread over the reading public of SOCIAL JUSTICE. But it MUST come through the IMMEDIATE REMITTANCES of $1, $2, $3, $5, or, from well-to-do persons, $10, $20, $50 or $100. It MUST come or —silence.

TRUTH BREAKS OUT NEXT SUNDAY

On November 6 Father Coughlin once more brings the FACTS about America to the airwaves of the nation.

What a relief to millions of citizens once more to hear the TRUTH! After months of subversive poison calculated to enmesh the United States in a web of internationalism, what a joy it will be to hear the Voice from Royal Oak stating the situation as it ACTUALLY is!

Cringing hypocrisy of politicians. Submissive humility of lickspittle labor leaders. Subversion of American youth. Deception by a "brass check" press and radio. Truckling of American "statesmen" to foreign influence. Shackling of humanity by international money racketeers. The festering canker of Communism.

All will be laid out in state for public gaze by the man with no office to hold, no wealth to accumulate, no power to seek, no ax to grind.

Millions of Americans are waiting anxiously for Father Coughlin's return to the air next Sunday. The citizen knows in his heart and his subconscious mind that he is being fooled every living day, but he does not quite know how. Father Coughlin will tell him how.

Next Sunday afternoon could mean the beginning of a long trek back to the Republic that once was.

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NATIONAL WEEKLY

Social Justice

Founded 1936 by Father Coughlin

THE PEOPLE'S CHOICE

Ewing Galloway

UPON the shoulders of our Man of this Week rests the economic and social future of American government.

Be he Democrat or demagogue, patriot or puppet—whether he is a "copperhead" or a yes-man, a liberal or a conservative—the Representative selected by his district at the polls on November 8 is the people's choice to wield the baton of America's destiny.

And there will be a call for courageous patriots in the next Congress. They will be needed to maintain United States neutrality and to "keep us out of war." They will be needed to fight the war makers within the inner chambers of our own Government who, now that the European crisis has "fallen through," want us to buy more than $7-billion worth of produce from the merchandisers of murder in order to prevent Brazil from becoming "fascist."

The success of monetary reform, the fate of the small-income taxpayer, will be determined by this year's crop of Congressmen. The farm, labor, and monopoly problems will either be solved or complicated by their action.

The political-party "label" of the Man of the Week is not important. What do matter are his honesty, his statesmanship, his ability and courage to remove the smokescreen of "liberty" when it conceals the advocates of "license"—and to fight openly against those who shout "democracy" while they work secretly to displace it with a dictatorship—call it Communistic, New Dealistic, or Naziistic, as you please.

Is our Man of the Week a patriot? A statesman? An American? On this eve of election, only next week's voter knows. His ballot will elect him.

THE MAN OF THE WEEK

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